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Financial reports and audited financial statements, and reports of the Board of Auditors

Implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2007

Report of the Secretary-General

Addendum

Summary

The present report is submitted pursuant to General Assembly resolution 48/216 B, in which the executive heads of the United Nations funds and programmes were requested to report to the Assembly at the same time as the Board of Auditors submitted its recommendations on measures taken or to be taken to implement those recommendations.

The Secretary-General has the honour to transmit to the General Assembly the responses of the executive heads of the funds and programmes, namely the International Trade Centre UNCTAD/WTO, the United Nations University, the United Nations Development Programme, the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Training and Research, the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees, the Fund of the United Nations Environment Programme, the United Nations Population Fund, the United Nations Human Settlements Programme, the Fund of the United Nations International Drug Control Programme and the Fund of the United Nations Crime Prevention and Criminal Justice Programme of the United Nations Office on Drugs and Crime, the United Nations Office for Project Services, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia.

* A/63/150 and Corr.1.

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The present report provides information further to the comments already submitted to the Board of Auditors, which in some cases were included in the Board's final reports to the executive heads of the respective funds and programmes. The executive heads have concurred with many of the Board's recommendations, and most of their comments have been duly reflected in the reports of the Board. Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments from the executive heads only where required, as well as information on the status of implementation, the office responsible, the estimated completion date and the priority for each recommendation contained in the report of the Board of Auditors. In addition, the present report contains an update of the status of implementation of the recommendations of the Board relating to prior periods that were considered by the Board as not having been fully implemented.

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I. Introduction

1. The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, whereby the Assembly requested the executive heads of the United Nations funds and programmes to provide, at the same time as the recommendations of the Board of Auditors are submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, their responses and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

2. In preparing the present report, account was taken of the provisions of the following General Assembly resolutions:

(a) Resolution 52/212 B, in particular paragraphs 3 to 5, and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753);

(b) Resolution 62/223 A, paragraph 11, in which the Assembly reiterated its request that the Secretary-General include in future reports on the financial statements of its funds and programmes information on the setting of time frames, the identification of office-holders and priorities for implementation and paragraph 10, in which the Assembly reiterated its request that the Secretary-General provide a full explanation for delays in implementation of the recommendations of the Board for prior periods, in particular those recommendations not yet fully implemented which are two or more years old.

3. In respect of time frames, every effort has been made by the executive heads to establish target dates to complete the implementation of recommendations. However, in some cases the executive heads consider them ongoing tasks for which target dates cannot be set for completion.

4. With regard to prioritization, it is noted that the Board categorizes the most important recommendations as main recommendations. While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be given the highest priority. In addition, any recommendations related to "matters of emphasis" will be treated with the utmost urgency.

5. Given that the executive heads have concurred with almost all of the Board's recommendations and that many of their comments have been duly reflected in the report of the Board of Auditors, detailed comments are not necessarily provided for all recommendations for the financial period ended 31 December 2007. However, in accordance with paragraph 10 of resolution 62/223 A, additional information will be provided for all recommendations relating to prior periods that were considered by the Board as not having been fully implemented.

II. International Trade Centre UNCTAD/WTO

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[1]

6. The status of implementation of recommendations as at August 2008 is summarized in table 1.

Table 1
Status of implementation of recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Programme Support and United Nations Secretariat	2	1	—	1	—	1
Division of Programme Support	2	—	—	2	1	1
Total	**4**	**1**	**—**	**3**	**1**	**2**

7. **In paragraph 13, the Board recommended that the Secretary-General of the United Nations, in furtherance of General Assembly resolution 61/264, propose to the Assembly options to address the negative impact on the financial statements of the International Trade Centre UNCTAD/WTO (ITC) of the recognition of end-of-service liabilities, including after-service health insurance liabilities.**

8. The United Nations Secretariat will propose options on the funding of the end-of-service liabilities to the General Assembly at its sixty-third session. Once decisions have been taken and approved by the Assembly, the Department of Management will take action in accordance with the approved decisions. It is the intention of ITC to adopt a funding policy in line with that of the United Nations.

Department responsible: Division of Programme Support and the Department of Management of the Secretariat

Status: In progress

Priority: High

Target date: Dependent upon decisions of the General Assembly

9. **In paragraph 23, the Board reported that ITC agreed with the Board's recommendation that it pursue its efforts to increase the level of the operating reserve until the prescribed level is reached.**

10. Given the increase in ITC activities and to facilitate its actual operational needs, ITC is continuously reviewing the level of the operating reserve in order to progressively increase it to the prescribed level of 15 per cent of the expenditures.

[1] *Official Records of the General Assembly, Sixty-third Session, Supplement No. 5*, vol. III (A/63/5 (Vol. III)), chap. II.

Further consultations with donors are foreseen in that respect, and different options on funding the operating reserve are being considered by the Centre.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Ongoing

11. **In paragraph 26, the Board recommended that the statement of cash flows include the ITC share in the United Nations offices away from Headquarters cash pools.**

12. The format used by ITC for the statement of cash flows follows the current presentation format used by the United Nations Secretariat, which has been accepted by successive Boards of Auditors in all financial statements that have been certified. Under the United Nations system accounting standards, investments have been defined to specifically include those under the cash pool. As such, the cash pool is defined as an integral part of "investments", and changes in the cash pool constitute changes in investment activities, which are therefore classified under "cash flows from investing activities", in accordance with appendix IV.A to the United Nations system accounting standards. Given that the presentation of the cash pool as part of investing activities in the statement of cash flows is in compliance with the accounting standards, the Administration is not in a position to accept the recommendation.

13. The Administration will, however, take the concerns raised by the Board into account during the implementation of the International Public Sector Accounting Standards (IPSAS).

Department responsible:	Division of Programme Support and the Department of Management of the Secretariat
Status:	Not accepted
Priority:	Not applicable
Target date:	Not applicable

14. **In paragraph 36, the Board recommended that ITC record software as non-expendable property so that it is entered into its inventory.**

15. As part of the preparation for the implementation of IPSAS, intangible assets including software will be reviewed and recorded in the inventory accordingly.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Implementation of IPSAS

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

16. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous bienniums. Information is provided below on the three recommendations listed as outstanding from prior periods, which are shown as "partially implemented" in the annex. The information is set out in the order in which the recommendations are presented in the annex.

17. The overall situation is summarized in table 2.

Table 2
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Office of the Executive Director	1	—	1	—	—	—
United Nations Secretariat	2	—	1	1	—	1
Total	**3**	**—**	**2**	**1**	**—**	**1**

18. **In paragraph 25 of the report of the Board of Auditors for the biennium ended 31 December 2005,[2] the Board recommended that the United Nations Secretariat promptly issue revised instructions on the management of trust funds.**

19. The instructions on the management of trust funds are part of the trust fund reform project. The project is ongoing, but has had to be prioritized below other pressing issues, such as developing a new enterprise resource planning system; implementing IPSAS, results-based management, accountability measures and enterprise risk management; and harmonizing the Financial Regulations and Rules.

Department responsible: United Nations Secretariat

Status: In progress

Priority: Medium

Target date: To be determined

20. **In paragraph 51, the Board recommended that ITC continue its efforts to integrate the requirements of the Integrated Monitoring and Documentation Information System (IMDIS) into the concept and design of its own reporting tools in order to streamline reporting procedures.**

21. ITC has continued to upgrade its reporting in line with the recommendation. Efforts are ongoing in relation to securing good-quality data within the projects portal. A prototype operations portal was designed in 2006. It has been operating for

[2] Ibid., *Sixty-first Session, Supplement No. 5*, vol. III (A/61/5 (Vol. III)), chap. II.

two years and is yielding improved information and intelligence for both the 2008 operational plan and the 2009-2012 strategic plan. Further improvements to the portal and management information are continuing to provide better-quality information to support sound senior management decisions.

22. In the light of experience and the changing information requirements emerging from the ITC transformation process, the issue of management information requirements for both strategic and operational purposes is being given further consideration at this time. The IMDIS information structure has assisted ITC to define its outputs and to design the associated data collection procedures. One benefit will be more streamlined data collection and reporting within ITC by the end of 2008.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	December 2008

23. **In paragraph 54, the Board recommended that the United Nations conduct a feasibility study on the development of interfaces between IMDIS and organizations' integrated monitoring tools in order to avoid duplication of work.**

24. Further development of IMDIS in 2006 was subject to a review of administrative arrangements and the eventual inclusion of planning, budgeting, resource management, monitoring and reporting processes in a global enterprise resource planning system. Those functions are expected to be integrated into the enterprise resource planning system when it is fully operational. Furthermore, in December 2006, the General Assembly requested a report on results-based management (resolution 61/245). The need for a feasibility study on the development of interfaces between IMDIS and the management systems of ITC has thus been superseded by the decision to proceed with an analysis of enterprise resource planning system requirements, which began with the report of the Secretary-General on investing in information and communication technology (A/60/846/Add.1).

Department responsible:	United Nations Secretariat
Status:	Overtaken by events
Priority:	Not applicable
Target date:	Not applicable

III. United Nations University

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[3]

25. The status of implementation of recommendations as at August 2008 is summarized in tables 3 and 4 below.

Table 3
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Finance	5	—	1	4	4	—
Office of the Rector	3	—	1	2	2	—
Programme units/research and training centres	1	—	1	—	—	—
Total	**9**	**—**	**3**	**6**	**6**	**—**

Table 4
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Finance	10	2	3	5	5	—
Office of the Rector	5	—	1	4	3	1
Programme units/research and training centres	2	—	2	—	—	—
Procurement	2	—	1	1	1	—
Total	**19**	**2**	**7**	**10**	**9**	**1**

Main recommendations

26. **In paragraph 30 (a), the Board recommended that the United Nations University (UNU) document, through the manual journal vouchers, the adjustments and reclassifications made in the course of preparing the final financial statements.**

Department responsible: Finance

Status: In progress

Priority: High

Target date: 31 December 2008

[3] Ibid., *Sixty-third Session, Supplement No. 5*, vol. IV (A/63/5 (Vol. IV)), chap. II.

27. **In paragraph 30 (b), the Board recommended that UNU address the limitations of the Financial, Budgetary and Personnel Management System.**

Department responsible: Finance

Status: In progress

Priority: High

Target date: 1 January 2009

28. **In paragraph 38, the Board recommended that UNU discontinue the practice of transferring cumulative surplus to income in the financial statements.**

29. Implementation will be effective with the 2008 financial statements as at 31 December 2008, which will be submitted to the Board of Auditors at the end of March 2009.

Department responsible: Finance

Status: In progress

Priority: High

Target date: 31 March 2009

30. **In paragraph 42, the Board recommended that UNU specify the types of transactions that will be reflected in the cash pool accounts to distinguish those transactions from those pertaining to other bank accounts.**

Department responsible: Finance

Status: Completed

Priority: High

Target date: Not applicable

31. **In paragraph 75 (a), the Board recommended that UNU tailor its programme planning, budgeting, monitoring and evaluation in accordance with the results-based budgeting concepts.**

Department responsible: Programme units/research and training centres

Status: Completed

Priority: High

Target date: Not applicable

32. **In paragraph 75 (b), the Board recommended that UNU maintain a complete and updated central file for all projects pursuant to the guidelines issued by the Central Monitoring and Inspection Unit.**

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: 31 December 2009

33. **In paragraph 78, the Board recommended that UNU require programme officers/researchers to periodically assess the performance and extent of implementation of workplans to ensure the prompt submission of outputs for publication.**

Department responsible: Office of the Rector

Status: Completed

Priority: High

Target date: Not applicable

34. **In paragraph 84, the Board recommended that UNU formulate a policy on the reasonable allocation of the salaries of researchers in project costing.**

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: 31 December 2009

35. **In paragraph 107, the Board recommended that UNU develop a plan detailing the various steps to be taken leading to the full implementation of the IPSAS by 2010.**

Department responsible: Finance

Status: In progress

Priority: High

Target date: 31 December 2009

Other recommendations

36. **In paragraph 46, the Board recommended that UNU record the receipt of cash only when the interest earned is credited to its cash pool account.**

37. UNU does not accept this recommendation. Recording in the cash pool account represents the capitalization of cash pool balance but not the receipt of cash or earning of additional interest income.

Department responsible: Finance

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

38. **In paragraph 49, the Board recommended that UNU record its premiums, discounts, gains and losses on investments on a per-transaction basis in accordance with the United Nations system accounting standards.**

Department responsible:	Finance
Status:	Completed
Priority:	Medium
Target date:	Not applicable

39. **In paragraph 53, the Board recommended that UNU suggest enhancements to the Atlas system in order to improve the management and recording of the investment accounts.**

Department responsible:	Finance
Status:	In progress
Priority:	Medium
Target date:	31 December 2009

40. **In paragraph 55, the Board recommended that UNU close the accrued interest receivable that was included in the purchase price of a bond when interest is received at the interest payment date or when a bond is sold.**

Department responsible:	Finance
Status:	Completed
Priority:	Medium
Target date:	Not applicable

41. **In paragraph 59, the Board recommended that UNU provide the appropriate funding for the settlement of end-of-service liabilities.**

42. A report of the Secretary-General on, inter alia, the proposed funding strategy for after-service health insurance for the United Nations will be submitted to the General Assembly at its sixty-third session, pursuant to its resolution 61/264. It is the intention of UNU to take appropriate action on the funding of its after-service health insurance liabilities in a manner consistent with any decisions made by the Assembly in respect of funding those liabilities for the United Nations. With regard to the liabilities related to annual leave and repatriation grant, these are considered as part of common staff costs and, in accordance with established procedures, no separate provision is made.

Department responsible:	Office of the Rector
Status:	In progress
Priority:	Medium
Target date:	Implementation is dependent on decisions of the General Assembly

43. **In paragraph 63, the Board recommended that UNU disclose all voluntary contributions in kind in the notes to the financial statements.**

44. Facilities or contributions provided under host-country agreements are not disclosed in the notes to the financial statements as voluntary contributions in kind,

as they are required to be provided by agreement and hence, by definition, they are not considered voluntary contributions. This policy has been consistently applied over the years and accepted by the Board of Auditors. Because all voluntary contributions, as defined, have been disclosed in the financial statements, UNU does not accept this recommendation.

Department responsible: Finance

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

45. **In paragraph 96, the Board recommended that UNU ensure that the research and training centres: (a) generate more voluntary contributions from donors to guarantee the continuous implementation of projects; and (b) closely monitor project expenditures to avoid incurring project deficits.**

Department responsible: Programme units/research and training centres

Status: Completed

Priority: Medium

Target date: Not applicable

46. **In paragraph 101, the Board recommended that UNU prepare a procurement plan pursuant to section 8.1 of the United Nations Procurement Manual.**

Department responsible: Procurement

Status: Completed

Priority: Medium

Target date: Not applicable

47. **In paragraph 104, the Board recommended that UNU: (a) adhere to section 7.1 of the United Nations Procurement Manual providing for the maintenance of a vendor database; (b) indicate in the contracts the delivery dates and the terms of payment; and (c) obtain the signatures of vendors in all contracts to ensure that they conform to the terms and conditions stated therein.**

Department responsible: Procurement

Status: In progress

Priority: Medium

Target date: 31 December 2008

48. **In paragraph 110, the Board recommended that UNU request the Office of Internal Oversight Services (OIOS) to include in its plan for the biennium 2008-2009 the audit of the UNU Centre and selected research and training centres, in accordance with a risk-based approach.**

Department responsible: Office of the Rector

Status: In progress

Priority: Medium

Target date: 31 December 2008

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

49. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the recommendations listed as "partially implemented" in the annex. The information is set out in the order in which the recommendations are presented in the annex.

50. The overall situation is summarized in table 5.

Table 5
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Finance	1	—	—	1	1	—
Programme units/research and training centres	2	—	2	—	—	—
Procurement	1	—	1	—	—	—
Office of the Rector	5	—	—	5	5	—
Total	**9**	**—**	**3**	**6**	**6**	**—**

51. **In paragraph 21 of the report of the Board of Auditors for the biennium ended 31 December 2005,[4] the Board recommended that UNU implement a strategy that would enable it to be less dependent on the Endowment Fund for sustainability.**

52. The technical evaluation for the appointment of the portfolio manager has been completed and at this stage is progressing through the procurement process for the finalization of the contract.

Department responsible: Office of the Rector

Status: In progress

Priority: Medium

Target date: 31 December 2009

[4] Ibid., *Sixty-first Session, Supplement No. 5*, vol. IV (A/61/5 (Vol. IV)), chap. II.

53. **In paragraph 38, the Board recommended that UNU consider enhancing the Financial, Budgetary and Personnel Management System to make it consistent with the financial recording and reporting requirements.**

54. A successor system has been identified whereby the UNU Council has approved the 2008-2009 budget for Atlas system implementation. At this stage, the project manager has been appointed, the project charter is in place and the project is progressing as scheduled. The migration to Atlas is targeted for 1 January 2009.

Department responsible:	Finance
Status:	In progress
Priority:	Medium
Target date:	31 December 2009

55. **In paragraph 51, the Board recommended that UNU strictly utilize funds for the projects for which they are intended and arrange for the timely release of programmed funds.**

Department responsible:	Programme units/research and training centres
Status:	Completed
Priority:	High
Target date:	Not applicable

56. **In paragraph 57, the Board recommended that UNU maintain complete and organized project documentation, including workplans, budgetary and financial reports and evaluation and monitoring reports.**

57. It is expected that the implementation of the Atlas grants and project modules will allow for better management of the recording, processing, tracking and reporting of grants, contracts and projects.

Department responsible:	Office of the Rector
Status:	In progress
Priority:	Medium
Target date:	31 December 2009

58. **In paragraph 64, the Board recommended that UNU identify measurable and quantifiable targets, accomplishments and performance indicators in order to improve the performance measurement process, reflect the real performance of projects and programmes and enable the linking of physical accomplishments with financial expenditures.**

59. It is anticipated that the implementation of Atlas through the project module will facilitate the setting and measuring of both qualitative and quantitative performance indicators for projects.

Department responsible:	Office of the Rector
Status:	In progress

Priority: Medium

Target date: 31 December 2009

60. **In paragraph 68, the Board recommended that UNU reprogramme the Financial, Budgetary and Personnel Management System to apportion automatically the salaries of those involved in projects to expenses for research and training networks and dissemination.**

61. It is not justifiable to reprogramme the Financial, Budgetary and Personnel Management System because of its outdated database and the significant cost involved. A successor system has been identified, and the UNU Council has approved the 2008-2009 budget for Atlas system implementation. The automated apportionment of salaries will be considered during Atlas implementation.

Department responsible: Office of the Rector/Administration

Status: In progress

Priority: Medium

Target date: 31 December 2009

62. **In paragraph 72, the Board recommended that UNU require the programme managers of the concerned research and training centres and programmes to: (a) submit periodically and regularly progress reports on ongoing projects as the basis for linking physical accomplishments with financial expenditures; (b) reassess the project situation and address possible causes of project slippages and/or deviations; (c) state the project status to the extent that it relates to the project workplan or output to allow for a proper assessment of the project's accomplishments; and (d) adopt measures to accomplish the project in accordance with the time frame and within the budget ceiling.**

63. It is anticipated that the implementation of Atlas through the project and grant modules will facilitate management of activities and financial resources in the interest of producing performance-based deliverables.

Department responsible: Office of the Rector

Status: In progress

Priority: Medium

Target date: 31 December 2009

64. **In paragraph 79, the Board recommended that UNU adhere strictly to the provisions of the United Nations Procurement Manual in the preparation of procurement plans and the minimum number of bidders.**

Department responsible: Procurement

Status: Completed

Priority: Medium

Target date: Not applicable

65. **In paragraph 81, the Board recommended that UNU adhere to the provisions of rule 105.19 (a) of the Financial Regulations and Rules of the United Nations in relation to advance payments; administrative instruction ST/AI/1999/7 in regard to terms of reference, performance evaluation and limits on duration of service; and administrative instruction ST/AI/296 in regard to the commencement of work.**

Department responsible:	Programme units/research and training centres
Status:	Completed
Priority:	Medium
Target date:	Not applicable

IV. United Nations Development Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[5]

66. The United Nations Development Programme (UNDP) is one of seven United Nations organizations that received an "unqualified audit opinion" for the biennium ended 31 December 2007. This reaffirms the strategic thrust of many of its management initiatives implemented over past years aimed at addressing the specific audit findings of the Board, as well as systemic and/or structural issues underlying those audit observations. It is also significant in view of the increasingly complex, risky and challenging environment in which UNDP operates around the world and the size of its programmatic expenditure, worth $9.5 billion.

67. UNDP will continue to build on specific management interventions started in the prior biennium to address issues underlying the Board's recurring audit findings. These include: (a) building and strengthening internal capacity with its staff professional certification programme for core business functions; (b) leveraging the progressive roll-out of select regional shared accounting service centres to enable smaller and targeted UNDP country offices to have access to the required pooled financial expert resources for financial management and monthly bank reconciliations that otherwise would have been unsustainable or not cost-effective; and (c) strengthening management oversight of programmatic and operational activities and performance- and risk-monitoring capability at the headquarters, regional office and country office levels by leveraging the enterprise resource planning system, implemented in 2004.

68. UNDP in 2006 established the practice of setting and monitoring target completion dates for the implementation of all its audit recommendations and, in the spirit of accountability, has provided full disclosure of the accountable office-holders on its audit tracking "dashboard". It has also formalized its accountability matrix for the follow-up of all audit recommendations through a system of periodic review at the Operations Group meetings, chaired by the Associate Administrator. These practices are in line with the provisions of General Assembly resolution 62/223 A.

[5] Ibid., *Sixty-third Session, Supplement No. 5A* (A/63/5/Add.1), chap. II.

69. Since its receipt of the final audit report in July 2008, UNDP has started setting target completion dates for the recommendations identified by the Board (including 38 high-priority recommendations). Several of those recommendations are expected to be implemented by the fourth quarter of 2008 before UNDP reports to its Executive Board. A number of the recommendations are targeted for completion in the second quarter of 2009, especially those related to the closing of the 2008 financial accounts and preparations for the interim audit of the Board on the UNDP financial statements for the biennium 2008-2009. Other target completion dates have been tied to major events, such as the endorsement and implementation of the UNDP human resources strategy, procurement strategy and information management strategy, as well as the implementation of the software upgrade of the enterprise resource planning system by the second half of 2009 and the planned implementation of IPSAS in UNDP in 2010.

70. The status of implementation of recommendations as at August 2008 is summarized in tables 6 and 7.

Table 6
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Accounts Division	15	1	—	14	14	—
Administrative Services Division	1	—	—	1	1	—
Global Payroll Services	2	—	—	2	2	—
Multi-Donor Trust Fund Office	2	2	—	—	—	—
Office of Audit and Investigations	7	—	—	7	7	—
Office of Finance and Administration	1	—	—	1	1	—
Operations Support Group	3	—	—	3	3	—
Procurement Support Office	4	1	—	3	3	—
Regional bureaux	2	—	—	2	2	—
Security team	1	—	—	1	1	—
Total	**38**	**4**	**—**	**34**	**34**	**4**

Table 7
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Accounts Division	25	1	—	24	24	—
Administrative Services Division	4	—	—	4	4	—
Centre for Business Solutions	1	—	—	1	1	—
Global Payroll Services	3	—	—	3	3	—
Multi-Donor Trust Fund Office	6	4	—	2	2	—
Office of Audit and Investigations	7	—	—	7	7	—

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Office of Finance and Administration	1	—	—	1	1	—
Office of Human Resources	4	2	—	2	2	—
Office of Planning and Budgeting	2	—	—	2	2	—
Operations Support Group	4	—	—	4	4	—
Procurement Support Office	11	1	—	10	10	—
Regional bureaux	5	—	—	5	5	—
Security team	2	—	—	2	2	—
Treasury Division	2	—	—	2	2	—
United Nations Development Group	4	—	—	4	4	—
United Nations Capital Development Fund	1	—	—	1	1	—
Total	**82**	**8**	**—**	**74**	**74**	**—**

71. UNDP is currently in the process of reviewing specific completion standards of recommendations identified with the Board and specifically those that are perpetual in nature or where full completion is dependent on parties outside of UNDP or where implementation is expected to be spread out over multiple periods. UNDP is requesting the Board to review the eight recommendations on which UNDP has previously indicated its views and its rationale for those views, including the recommendations in paragraphs 166, 264, 280, 283, 405, 414, 416 and 420 of the report.

Management responses to key issues raised by the Board

72. The following management comments, including target completion dates for relevant recommendations, are submitted in response to key United Nations system-wide issues identified by the Board in its concise summary report (see A/63/169). It is intended to provide the perspective and plans of UNDP in addressing the relevant concerns.

(a) *Non-expendable property/equipment*. UNDP is in the process of formalizing its draft asset management guidelines as part of its update of the internal control framework and will leverage its current practice of conducting a twice-yearly asset verification exercise in preparation for the interim audit for the biennium 2008-2009. Pursuant to the recommendation of the Board in paragraph 264 of its report to establish a formal policy for the recording and accounting of direct expenditure modality assets, the current policy of UNDP is that such assets are ultimately transferred to programme recipients and therefore should not be recorded in Atlas as UNDP property, although UNDP agrees that control procedures for direct expenditure modality assets are further clarified in the programming user guide;

(b) *After-service health insurance liabilities, repatriation grant and accrued annual leave*. The current practice of UNDP is in compliance with paragraph 58 of the United Nations system accounting standards, which does not require recognizing the aforementioned liabilities on the face of the financial statements, but rather requires disclosing them in the notes, which UNDP has done. This is consistent with

the UNDP financial policy and therefore is in compliance with the accounting standards and General Assembly resolution 60/255, which calls for disclosure of information in the United Nations financial statements. While UNDP agrees with the Board's recommendation in paragraph 166 of its report that the full liability for after-service health insurance should be recorded on the face of the financial statements, UNDP will do this effective 2010 as part of its implementation of IPSAS. Besides working closely with the United Nations and other agencies in the harmonization of accounting policies and financial regulations and rules, UNDP is developing and implementing a strategy of informing and educating UNDP stakeholders on the changes to the statements that IPSAS will bring about. On the repatriation grant (which is applicable only to international Professional staff), the calculation is currently done by using the average numbers and salary cost (pro forma costs). The automated calculation of the repatriation grant and accrued leave is expected to be implemented in 2010 with the implementation of IPSAS in UNDP;

(c) *Risks associated with nationally executed projects*. As duly noted by the Board, UNDP has made significant progress in addressing fiduciary risks related to nationally executed projects. These include the implementation of a risk-based approach to the selection of nationally executed project audits, management efforts to reduce the amount of net financial impact associated with audit opinions (from 2.4 per cent of total nationally executed expenditure audited in 2004 to 0.3 per cent in 2007); efforts to improve the receipt of nationally executed project audit reports for the 2007 audit; a more active ageing analysis of nationally executed project advances outstanding more than one year and reducing the amount from $33 million in the previous biennium to about $15 million in the biennium 2006-2007. In response to a recommendation by the Board in paragraph 357 of its report, UNDP is working to identify and address gross advances outstanding more than six months by the close of the biennium 2008-2009. With the establishment of a regional nationally executed expenditure audit support function in the regional audit support centres, UNDP expects to further improve the quality of its nationally executed expenditure reports submitted by auditors, ensure the timely receipt of expenditure audit reports and update its nationally executed expenditure audit instructions, as recommended by the Board in paragraphs 381, 392 and 363 respectively of its report, before the last half of 2009;

(d) *Bank reconciliations and treasury management*. As noted by the Board, UNDP made significant progress in 2006-2007 in ensuring monthly bank reconciliation for its 67 active bank accounts managed at headquarters and 553 accounts managed by UNDP country offices in response to the Board's "emphasis of matter" paragraphs in 2004-2005. While cash and treasury management continues to be an important component of the UNDP audit regime, the Board has now recommended that UNDP take further steps to clear all old outstanding items in the external tables, investigate items in the bank reconciliations (para. 214) and ensure that controls over bank reconciliations at country offices are carried out (para. 222). UNDP expects to address many of these recommendations by the second half of 2009;

(e) *Common premises and services at the country level*. As noted by the Board, the roll-out of common services constitutes an important component of the Secretary-General's reform agenda. The Development Operations Coordination Office is taking a leading role in expediting the roll-out of the common services management system, piloted at 20 countries in 2006 (para. 443) and in promoting

the roll-out of common services programmes to be mainstreamed into country operations (para. 435). However, the United Nations Development Group common services programme is an ongoing programme that is demand-driven. United Nations country teams can access resource support through the Office, which facilitates the conduct of common services workshops at the country level and provides other practical advice and support. As recommended by the Board in paragraph 448 of its report, the Office will play a key role in encouraging country offices to make use of a common services expert to facilitate the implementation of common services in country offices. It is planning to seek clarification from the Board on implementation standards given the demand-driven nature of the common services-related recommendations and their dependency on reciprocal commitments by the United Nations country team;

(f) *International Public Sector Accounting Standards*. UNDP has been actively preparing to adopt IPSAS in 2010 and has completed significant work on IPSAS policies and on analysing their impact on UNDP business processes, reporting and Atlas. It has been meeting regularly with United Nations organizations to ensure a high degree of harmonization in the system on the adoption of IPSAS. As recommended by the Board in paragraph 191 of its report, UNDP is committed to leveraging its governance arrangement with the IPSAS Steering Committee in monitoring the preparation efforts and implementation progress and to mitigating implementation risks throughout the life cycle of the IPSAS project. UNDP is currently developing a detailed communication and change management plan on its impact on staff and managers in UNDP offices and on internal and external stakeholders, including donors;

(g) *Procurement management and waiver reporting*. In response to a recommendation of the Board in paragraphs 239 and 240 to put in place procurement planning processes at country offices and at headquarters, UNDP will, as part of its procurement strategy, link delegation of procurement authority to mandatory procurement planning, demonstrated capacity and procurement performance. UNDP expects to roll out an online e-tool (by the first quarter of 2009) to assist business units in linking planned procurement with risk and value considerations. With targeted training at regional procurement workshops and the eventual placement of all five regional chief procurement officers, UNDP expects to improve the quality of procurement documents submitted to the Advisory Committee on Procurement and to implement periodic reviews and analyses of the different types of waivers requested and approved by the second quarter of 2009, in response to the requests of the Board in paragraphs 242 and 250 of its report;

(h) *Gender parity, geographical distribution and succession planning*. In line with reiterated recommendation of the Board in paragraph 280 of its report, UNDP is building on past efforts to pursue gender parity in the organization. The Administrator has established a new Gender Equality and Diversity Unit in the Office of Human Resources of the Bureau of Management to facilitate intensified corporate efforts and has also issued its first gender parity report. In connection with the report, the Administrator stated that targeting 50/50 parity in practice would mean moving towards the enforcement of an upper limit of 55 per cent and a lower limit of 45 per cent for both men and women in UNDP as a whole, as well as for individual regional offices and other bureaux. While UNDP is fully committed to achieving 50/50 gender parity by 2011 (in line with its strategic plan), it is of the view that this is an ongoing process and that the specific recommendation of the

Board to formalize intermediate milestones is not pragmatic. In the area of formalizing geographical distribution milestones (see para. 283 of the report), UNDP is moving towards a 50/50 North/South distribution of its international staff through its quarry exercise, chaired by the Associate Administrator. UNDP expects to finalize its succession plan, as recommended by the Board in paragraph 286 of its report, by the fourth quarter of 2009. This is a key aspect of the UNDP people-centred human resources strategy, which is currently being reviewed.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

73. In his report for the biennium ended 31 December 2005,[6] the Board of Auditors issued 115 recommendations. According to an independent validation by the Board, a total of 30 recommendations (26 per cent) had not been fully implemented as at the time of the audit. These included 25 recommendations that in the view of UNDP were duly implemented in the biennium 2006-2007 and another 5 recommendations that UNDP has acknowledged as not having been fully implemented. Of the 30 recommendations outstanding, the Board has identified 3 (all high-priority) that were from 2002-2003 and 2000-2001. The current status of the 30 outstanding recommendations is summarized in table 8. The related management comments are provided below.

Table 8
Status of recommendations from prior periods not fully implemented for the biennium ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Accounts Division	9	—	7	2	2	—
Administrative Services Division	4	—	1	3	3	—
Procurement Support Office	7	—	—	7	7	—
Office of Human Resources	5	—	—	5	5	—
Office of Planning and Budgeting	1	—	—	1	1	—
Office of Audit and Investigations	2	—	2	—	—	—
Operations Support Group	1	—	—	1	1	—
United Nations Development Group Office (now Development Operations Coordination Office)	1	—	—	1	1	—
Total	**30**	**—**	**10**	**20**	**20**	**—**

[6] Ibid., *Sixty-first Session, Supplement No. 5A* (A/61/5/Add.1), chap. II.

Outstanding recommendations from the biennium ended 31 December 2003 or earlier

74. The Board has flagged three recommendations from prior periods that were not fully implemented. These relate to regular monthly bank reconciliations; the implementation of results-based management and results-based budgeting; and procurement benchmarks for contract letting.

(a) *Regular monthly bank reconciliation.* In paragraph 26 of its report for the biennium ended 31 December 2005, the Board reiterated its recommendation that UNDP perform monthly bank reconciliations for all bank accounts managed by headquarters and the country offices. As explained previously, in 2006-2007, the Board removed the emphasis of matter that had arisen in the biennium 2004-2005 in consideration of the significant progress made by UNDP in the biennium. Measures taken by UNDP management included simplifying the bank reconciliation report and providing targeted support to specific country offices with temporary capacity and/or competency issues. As at the time of the audit, monthly bank reconciliation for all 67 bank accounts managed at headquarters and all 553 accounts managed by the 167 UNDP country offices had been completed for the 2007 year-end closing. This included a handful of country offices where bank reconciliations were performed or supported centrally by the Office of Finance and Administration of the Bureau of Management. UNDP is committed to addressing further improvements recommended by the Board. In the light of the significant progress made and duly noted by the Board in the biennium 2006-2007, UNDP is seeking closure of this item with the Board. The reason is that while cash and bank reconciliation (which is an important internal control tool) will continue to be an integral component of the audit regime of the Board, UNDP is of the view that the thrust and the context of the recommendations in 2002-2003 and 2004-2005 were different and have been duly addressed.

(b) *Implementation of results-based management and budgeting.* This recommendation has been partially implemented and is a key aspect of the UNDP strategic plan 2008-2011, as approved by the Executive Board. Key building blocks of the results-based management system are in place. While a similar recommendation was made by the Board in paragraph 303 of its report for the biennium 2002-2003,[7] concerted efforts in the harmonization approach to results-based management as evident in the United Nations Development Assistance Framework results framework among Executive Committee agencies picked up momentum in 2006-2007. Specific actions have been implemented. For example, in response to recommendations of the Board in paragraph 190 of its report for 2004-2005, UNDP has updated its guidance to the UNDP country offices on the practice of setting development results targets, which allows for direct linkage between outcome monitoring and output project expenditures. In addition, UNDP is leveraging the recently enhanced results-based management system to further improve its performance measurement process to monitor technical implementation in comparison with financial implementation. In response to a recommendation in paragraph 333 of the 2006-2007 audit report, UNDP is taking steps to improve controls and processes for the monitoring and evaluation of projects and to implement controls to ensure that there is strict monitoring of the link between the financial expenditure on projects and the level of achievement of outputs. Subject to

[7] Ibid., *Fifty-ninth Session, Supplement No. 5A* (A/59/5/Add.1), chap. II.

further clarification of the Board on the expected completion standards, UNDP expects this recommendation to be fully implemented by the fourth quarter of 2009;

(c) *Procurement benchmarks for contract letting*. In paragraph 395 of its report for 2004-2005, UNDP agreed with the Board's reiterated recommendation that it: (a) establish benchmarks to monitor performance for contract-letting; and (b) monitor performance against those benchmarks. This recommendation has been partially implemented. Initial efforts have been focused on collecting procurement lead-time statistics for key procurement contracts presented to the Advisory Committee on Procurement and the implementation of an online tool to monitor and shorten the lead time for the submission of procurement documents to the Committee. Recent efforts have been on enhancing the procurement dashboard for tracking the lead time of contracts approved at the country offices to arrive at more realistic benchmarks. Given the varied nature of items procured by UNDP, the plan is to establish procurement benchmarks for the top 15 procurement categories. Subject to agreement on the completion standards, UNDP expects this recommendation to be fully implemented by the first quarter of 2009.

Outstanding recommendations from the biennium ended 31 December 2005

75. UNDP has reassessed the status of implementation of the 25 recommendations (including 10 high-priority items) that were deemed by the Board not to have been fully implemented. The recommendations relate to the following areas: (a) inter-agency account reconciliation; (b) trust fund management and unapplied deposits; (c) outstanding government local office contributions; (d) management of audit reports on nationally executed expenditure; (e) gender and geographical representation milestones; (f) contract and vendor management; and (g) implementation of United Nations houses and common services management systems at country offices.

76. UNDP is currently in the process of reviewing the status of implementation with the Board with the objective of requesting the closure of 10 recommendations, including 4 high-priority items (paras. 26, 43, 74 and 165) and 6 medium-priority items (paras. 42, 46, 52, 65, 171 and 490).

V. United Nations Children's Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[8]

77. The status of implementation of recommendations as at August 2008 is summarized in tables 9 and 10.

Table 9
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	9	—	2	1	6	—
Private Fund-raising and Partnerships	1	—	—	—	1	—
Regional and country offices	3	—	—	3	—	—
Total	**13**	**—**	**2**	**4**	**7**	**—**

Table 10
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	16	—	5	1	10	—
Public Sector Alliances and Resource Mobilization Office	2	—	2	—	—	—
Private Fund-raising and Partnerships	4	—	—	2	2	—
Supply Division	1	—	—	—	1	—
Tokyo office	1	—	1	—	—	—
Division of Human Resources	1	—	—	—	1	—
Division of Policy and Planning	2	—	1	—	1	—
Country offices	7	—	3	4	—	—
Regional and country offices	8	—	3	4	1	—
Total	**42**	**—**	**15**	**11**	**16**	**—**

78. **In paragraph 24 (a), the Board recommended that the United Nations Children's Fund (UNICEF) make the necessary adjustments against reserves and fund balances for the cancellation of outstanding prior-period obligations.**

[8] Ibid., *Sixty-third Session, Supplement No. 5B* (A/63/5/Add.2), chap. II.

79. UNICEF will clarify its accounting policy for the cancellation of obligations in the notes to future financial statements.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	High
Target date:	First quarter of 2009

80. **In paragraph 24 (b), the Board recommended that UNICEF consider the cancellation of outstanding obligations relating to the current biennium as a reduction to recorded expenditure instead of as income.**

81. UNICEF will clarify its accounting policy for the cancellation of obligations in the notes to future financial statements.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	High
Target date:	First quarter of 2009

82. **In paragraph 31, the Board recommended that UNICEF assess periodically the collectibility of the amounts shown as contributions receivable and make adequate provision for any amounts that are unlikely to be collected.**

83. UNICEF agrees to consider the Board's recommendation regarding the provision for uncollectible contributions receivable.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	High
Target date:	Ongoing

84. **In paragraph 36, the Board recommended that UNICEF ensure that field offices request headquarters to cancel the remaining balances of outstanding obligations as soon as they are fully settled.**

85. UNICEF follows established procedures for reporting, monitoring and cancelling the balances of obligations that are no longer required.

Department responsible:	Division of Financial and Administrative Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

86. **In paragraph 42, the Board recommended that UNICEF determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

87. UNICEF agrees with the Board's recommendation and has already put in place mechanisms to improve this process.

Department responsible:	Regional and country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

88. **In paragraph 47, the Board reported that UNICEF agreed with its recommendation that the Tokyo office establish an annual contribution target that would serve as a benchmark in assessing the effectiveness of fund-raising programme activities.**

89. UNICEF agrees with the Board's recommendation, and annual contribution targets for the Tokyo office are included in the office management plan for 2008-2009.

Department responsible:	Tokyo office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

90. **In paragraph 52, the Board recommended that UNICEF ensure that its country offices comply with financial circular 15 (Rev.3) on the issuance of official receipts by recipients of cash assistance.**

91. UNICEF will continue to work with implementing partners to ensure that receipts are obtained for cash assistance provided.

Department responsible:	Country offices
Status:	Under implementation
Priority:	Medium
Target date:	Ongoing

92. **In paragraph 61 (a), the Board reported that UNICEF agreed with its recommendation that the field offices monitor closely cash assistance provided to Governments to ascertain that they are utilized in accordance with the objectives of the approved projects.**

93. UNICEF agrees with the Board's recommendation. The monitoring of cash assistance provided to Governments is a key performance indicator that all country offices review consistently in their country management team meetings.

Department responsible: Regional and country offices

Status: Under implementation

Priority: High

Target date: Ongoing

94. **In paragraph 61 (b), the Board reported that UNICEF agreed with its recommendation that the field offices clear all long-outstanding cash assistance/transfers to Governments.**

95. UNICEF agrees with the Board's recommendation. The monitoring of cash assistance provided to Governments is a key performance indicator that all country offices review consistently in their country management team meetings.

Department responsible: Regional and country offices

Status: Under implementation

Priority: High

Target date: Ongoing

96. **In paragraph 61 (c), the Board reported that UNICEF agreed with its recommendation that the field offices make further cash transfers to implementing partners only upon the submission of cash utilization reports.**

97. UNICEF agrees with the Board's recommendation. The monitoring of cash assistance provided to Governments is a key performance indicator that all country offices review consistently in their country management team meetings.

Department responsible: Regional and country offices

Status: Under implementation

Priority: High

Target date: Ongoing

98. **In paragraph 69, the Board reported that UNICEF agreed with its recommendation that country offices: (a) monitor regularly the changes made in the document authorization tables; (b) update periodically the tables of authority; and (c) establish procedures to ensure that the assignment of financial authorities in the Programme Manager System is consistent with that contained in the table of authority.**

99. UNICEF agrees with the Board's recommendation. The offices concerned have taken action to implement the recommendation.

Department responsible: Country offices

Status: Implemented

Priority: Medium

Target date: Not applicable

100. **In paragraph 76, the Board recommended that UNICEF review all reconciling items appearing on the monthly bank reconciliation statements of field offices and make the appropriate adjustments to the accounting records immediately after each monthly review.**

101. UNICEF agrees to communicate the importance of reviewing the reconciling items appearing in the bank reconciliations and, where required, make timely and appropriate adjustments to the accounting records. UNICEF notes that the action required in respect of reconciling items is not always immediately possible in some locations in which UNICEF operates.

Department responsible: Division of Financial and Administrative Management

Status: Implemented

Priority: High

Target date: Not applicable

102. **In paragraph 79, the Board reported that UNICEF agreed with its recommendation that UNICEF review the amount of $2.7 million shown as outstanding receivables in respect of contributors who have fully honoured their pledges.**

103. UNICEF agrees with the Board's recommendation and has reviewed and addressed the outstanding receivable.

Department responsible: Public Sector Alliances and Resource Mobilization Office

Status: Implemented

Priority: Medium

Target date: Not applicable

104. **In paragraph 81, the Board recommended that UNICEF take appropriate measures to ensure that written pledges are promptly recorded as income and contributions receivable.**

105. UNICEF agrees with the Board's recommendation and has taken action to ensure that written pledges are promptly recorded as income and contributions receivable.

Department responsible: Public Sector Alliances and Resource Mobilization Office

Status: Implemented

Priority: Medium

Target date: Not applicable

106. **In paragraph 83, the Board reported that UNICEF agreed with its recommendation that it investigate the negative balances in the "other accounts receivables — from staff members" accounts and make the appropriate adjustments.**

107. UNICEF reiterates that negative balances result in some instances from specific system configurations. UNICEF agrees to review negative balances to ensure the accuracy of "Other accounts receivable — from staff members" disclosed in future financial statements.

Department responsible: Division of Financial and Administrative Management

Status: Under implementation

Priority: Medium

Target date: First quarter of 2009

108. **In paragraph 90, the Board reported that UNICEF agreed with its recommendation that UNICEF determine the causes of the discrepancies in the inventory account, especially those with negative balances, and take steps to evaluate the Systems, Applications and Products — Financial and Logistics System for possible enhancement.**

109. UNICEF agrees with the Board's recommendation. UNICEF has identified the sources of the discrepancies and is now taking steps to improve inventory reporting in the system.

Department responsible: Supply Division

Status: Under implementation

Priority: Medium

Target date: Second quarter of 2009

110. **In paragraph 96, the Board recommended that UNICEF carry out a comprehensive inventory of all its landholdings and reconcile the results with the related asset records to correctly value them and record them in the books of accounts.**

111. UNICEF agrees with the Board's recommendation. UNICEF has commenced a comprehensive review of documentation related to land to which UNICEF has title to ensure that it is identified, valued and correctly recorded in the financial accounts.

Department responsible: Division of Financial and Administrative Management

Status: Under implementation

Priority: High

Target date: First quarter of 2010

112. **In paragraph 102, the Board reported that UNICEF agreed with its recommendation that UNICEF disclose in the notes to the financial statements the terms of the lease arrangements, the cost of the property and the corresponding liability for the unpaid portion of the lease.**

113. UNICEF has appropriately disclosed the terms and conditions of the lease agreement in the notes to the financial statements.

Department responsible: Division of Financial and Administrative Management

Status: Implemented

Priority: Medium

Target date: Not applicable

114. **In paragraph 107, the Board recommended that UNICEF review the accounts payable with negative balances and make the appropriate adjustments in the accounting records.**

115. UNICEF reiterates that accounts payable as at 31 December 2007 have been disclosed in compliance with United Nations system accounting standards (specifically with the practice of net reporting where there is an intention to settle on a net basis). However, UNICEF will continue to review the reasons for debit balances in accounts payable on a regular basis.

Department responsible: Division of Financial and Administrative Management

Status: Under implementation

Priority: Medium

Target date: First quarter of 2009

116. **In paragraph 114 (a), the Board recommended that UNICEF consider disclosing its end-of-service liabilities on the face of the financial statements.**

117. UNICEF notes that this recommendation was not raised in a timely manner by the Board and as a result, adequate dialogue with UNICEF management was not possible. Nonetheless, UNICEF is considering disclosing its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS. In the meantime, UNICEF has disclosed those liabilities in the notes to the financial statements for the biennium ended 31 December 2007.

Department responsible: Division of Financial and Administrative Management

Status: Under implementation

Priority:	Medium
Target date:	First quarter of 2010

118. **In paragraph 114 (b), the Board recommended that UNICEF determine mechanisms to fully fund end-of-service liabilities.**

119. With Executive Board approval, UNICEF has been making regular transfers to fund the end-of-service liabilities since 2003.

Department responsible:	Division of Financial and Administrative Management
Status:	Closure requested
Priority:	High
Target date:	Not applicable

120. **In paragraph 117, the Board recommended that UNICEF disclose the details of the investment portfolio, including the market value of the investments under both the short-term and long-term classifications.**

121. The United Nations system accounting standards require disclosure of the market value of investments where it is different from the carrying value in the financial statements. The disclosure on investments as at 31 December 2007 is fully compliant with the accounting standards.

Department responsible:	Division of Financial and Administrative Management
Status:	Closure requested
Priority:	Medium
Target date:	Not applicable

122. **In paragraph 119, the Board reported that UNICEF agreed with its recommendation that UNICEF consider the disclosure of the source of funding of the reserves for procurement services, insurance and capital assets.**

123. UNICEF agrees to include reference to the source of funding for each of the reserves disclosed in the statement of assets, liabilities and reserves and fund balances in the notes to future financial statements.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2009

124. **In paragraph 121, the Board recommended that UNICEF develop a plan detailing the various steps to be taken leading to the full implementation of IPSAS by 2010.**

125. UNICEF notes that IPSAS project governance documents, including the project implementation plan and timeline, have now been finalized for approval by the Project Board.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	High
Target date:	Third quarter of 2008

126. **In paragraph 126, the Board reported that UNICEF agreed with its recommendation that UNICEF prepare written evaluations of all suppliers to reduce the risk of contracts being awarded inadvertently to suppliers with unsatisfactory performance.**

127. UNICEF agrees with the Board's recommendation and is implementing a performance evaluation report to reduce the risk of contracts being awarded to suppliers with unsatisfactory performance.

Department responsible:	Private Fund-raising and Partnerships
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2009

128. **In paragraph 130, the Board reported that UNICEF agreed with its recommendation that the Philippines, Myanmar and Ethiopia country offices include in purchase orders a penalty clause for late delivery in accordance with the provisions in the UNICEF Supply Manual.**

129. UNICEF agrees with the Board's recommendation.

Department responsible:	Philippines, Myanmar and Ethiopia country offices
Status:	Under implementation
Priority:	Medium
Target date:	Ongoing

130. **In paragraph 141, the Board reported that UNICEF agreed with its recommendation that: (a) the Myanmar country office implement a procurement strategy to ensure that supplies are dispatched in a timely manner to the end-users once they are delivered; and (b) the Bolivia country office ensure that realistic estimates of supply requirements are prepared and that supplies are distributed to the programmes within the designated time frames.**

131. UNICEF agrees with the Board's recommendation. The Myanmar country office is advocating a procurement strategy and the Bolivia country office is implementing measures to enhance supply processes.

Department responsible:	Myanmar and Bolivia country offices
Status:	Under implementation
Priority:	Medium
Target date:	Ongoing

132. **In paragraph 142, the Board reported that UNICEF agreed with its recommendation that the Ethiopia country office: (a) attach distribution lists to supply requisitions; and (b) make representation to the Government of Ethiopia for the release of programme supplies that are kept in bonded warehouses in compliance with chapter 14 of the Supply Manual.**

133. UNICEF agrees with the Board's recommendation. The Ethiopia country office has implemented the recommendation.

Department responsible:	Ethiopia country office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

134. **In paragraph 146, the Board recommended that UNICEF take measures to improve the reliability of the inventory records in the field offices.**

135. UNICEF agrees that measures must be established and communicated to improve field office inventory management in preparation for the adoption of IPSAS.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	High
Target date:	First quarter of 2010

136. **In paragraph 150, the Board reported that UNICEF agreed with its recommendation that UNICEF review its non-expendable property management processes and control of property records.**

137. UNICEF agrees with the Board's recommendation and commenced a review of non-expendable property in the second quarter of 2008.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation

Priority: High

Target date: Fourth quarter of 2008

138. **In paragraph 157, the Board recommended that UNICEF comply with the requirements of the Human Resources Manual and the related administrative instructions in the hiring of consultants in respect of selection procedures, the signing of special service agreements before the commencement of work, medical examinations and performance evaluation.**

139. UNICEF agrees with the Board's recommendation that it comply with the requirements associated with hiring consultants with regard to medical examinations, selection procedures, the signing of special service agreements before the commencement of work and performance evaluation. The UNICEF field offices concerned are implementing this recommendation.

Department responsible: Regional and country offices

Status: Under implementation

Priority: Medium

Target date: Ongoing

140. **In paragraph 164, the Board recommended that UNICEF evaluate the existing functions in the payroll process with a view to ensuring the adequate segregation of duties.**

141. UNICEF agrees to evaluate the existing functions in the payroll process with a view to ensuring the adequate segregation of duties. A review is scheduled to commence in the fourth quarter of 2008.

Department responsible: Division of Human Resources

Status: Under implementation

Priority: Medium

Target date: Second quarter of 2009

142. **In paragraph 169, the Board recommended that UNICEF ensure that the regional offices for the Middle East and North Africa and for Eastern and Southern Africa and the Jordan country office comply with the requirement that the Applications Administrator not be granted any financial authority.**

143. UNICEF agrees with the Board's recommendation. The offices concerned have taken action to implement this recommendation.

Department responsible: Regional and country offices

Status: Implemented

Priority: Medium

Target date: Not applicable

144. **In paragraph 171, the Board recommended that UNICEF ensure that all field offices provide specific baseline and target data to further enhance the measurability of project results.**

145. The recommendation is appreciated and has been given full consideration. UNICEF, in common with other United Nations agencies, has been gradually shifting its emphasis in most situations from project-based assistance to support of broader nationally owned programmes. As such, UNICEF is placing greater reliance on national baseline and results data and is investing significantly in supporting national capacity to monitor outcomes and service coverage among children and families. While continuing to implement the results-based management approach, including efforts to strengthen annual workplan statements of results, UNICEF believes it should continue those efforts in support of national capacity to set baselines and measure results at the broader programmatic level.

Department responsible:	Division of Policy and Planning
Status:	Closure requested
Priority:	Medium
Target date:	Not applicable

146. **In paragraph 175, the Board recommended that UNICEF ensure that the Americas and Caribbean Regional Office and the Southern Sudan area office: (a) fully utilize the Programme Manager System as a monitoring tool for programme implementation and for requisitioning inputs; and (b) conduct training for all sector heads and programme/project officers on the use of programme management tools in the Programme Manager System.**

147. UNICEF agrees with the Board's recommendation. The Americas and Caribbean Regional Office has implemented the recommendation and the Southern Sudan area office is in the process of implementing it.

Department responsible:	Regional and country offices
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2009

148. **In paragraph 179, the Board reported that UNICEF agreed with the Board's recommendation that it ensure that the Division of Policy and Planning include in the guidelines for the 2008 country office annual reports a requirement to incorporate in section 2.2 of the report a comparative analysis of the workplan in relation to the actual results according to the annual workplan monitoring tool.**

149. UNICEF agrees with the Board's recommendation and it will be included in the 2008 guidelines for country office annual reports, to be issued in October 2008.

Department responsible:	Division of Policy and Planning
Status:	Under implementation

Priority: Medium

Target date: Fourth quarter of 2008

150. **In paragraph 184, the Board recommended that UNICEF ensure that the India country office: (a) evaluate project proposals to determine the adequacy of requested financing by implementing partners and probable obstacles to implementation; (b) strengthen the monitoring of projects; and (c) document and monitor the reprogramming and utilization of refunds.**

151. UNICEF agrees with the Board's recommendation. The India country office is taking action to implement the recommendation.

Department responsible: India country office

Status: Under implementation

Priority: Medium

Target date: Ongoing

152. **In paragraph 189, the Board recommended that UNICEF ensure that the Private Sector Division enforce financial rule 9.04 relating to the retention of income by National Committees.**

153. UNICEF agrees to review this financial rule in the context of the harmonization of the financial regulations and rules initiative, as well as the adoption of IPSAS.

Department responsible: Private Fund-raising and Partnerships

Status: Under implementation

Priority: High

Target date: First quarter of 2010

154. **In paragraph 190, the Board recommended that UNICEF evaluate the applicability of the 25 per cent retention rate to all National Committees.**

155. UNICEF notes that the evaluation of the overall contribution rate for each National Committee is an ongoing process, specific to the circumstances of each Committee.

Department responsible: Private Fund-raising and Partnerships

Status: Under implementation

Priority: Medium

Target date: Ongoing

156. **In paragraph 196, the Board recommended that UNICEF ensure that the Private Sector Division (now known as Private Fund-raising and Partnerships), in consultation with the National Committees, revises the reporting calendar**

for the submission of the final revenue and expenditure reports to coincide with the deadline for financial reporting.

157. UNICEF notes that this issue is being considered as part of the longer-term strategy discussion regarding future business models for the cards and gifts operations.

Department responsible:	Private Fund-raising and Partnerships
Status:	Under implementation
Priority:	Medium
Target date:	Ongoing

158. **In paragraph 200, the Board reported that UNICEF agreed with its recommendation that UNICEF: (a) comply with policies and procedures on the submission of travel reports; and (b) ensure that travel advances are cleared within 15 days of the completion of travel.**

159. UNICEF agrees with the Board's recommendation. The offices concerned have all taken action to implement the recommendation.

Department responsible:	Regional and country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

160. **In paragraph 206, the Board recommended that UNICEF ensure that the Bolivia and Philippines country offices and the Southern Sudan area office: (a) submit travel requests in a timely manner; and (b) prepare a travel plan in line with the UNICEF Administration Manual.**

161. UNICEF agrees with the Board's recommendation. The offices concerned have all taken action to implement the recommendation.

Department responsible:	Country offices
Status:	Implemented
Priority:	Medium
Target date:	Not Applicable

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior biennium

162. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 14 recommendations listed as outstanding from prior periods, 13 of which are shown as being under implementation and 1 as not having been implemented in the

annex. The information is set out in the order in which the recommendations are presented in the annex.

163. The overall situation is summarized in table 11.

Table 11
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*Not yet implemented*
Division of Financial and Administrative Management	8	—	5	—	3	—
Division of Human Resources	7	—	5	1	1	—
Division of Policy and Planning	3	—	1	—	2	—
Geneva regional office	1	—	1	—	—	—
Information Technology Division	8	—	8	—	—	—
Office of the Executive Director	9	—	9	—	—	—
Office of Internal Audit	7	—	7	—	—	—
Office of the Secretary of the Executive Board	2	—	2	—	—	—
Programme Division	7	—	5	1	1	—
Private Sector Division	5	—	4	—	1	—
Supply Division	19	—	16	—	2	1
Programme Funding Office	5	—	5	—	—	—
Office of Emergency Programmes	4	—	4	—	—	—
Regional offices	3	—	3	—	—	—
Country offices	8	—	7	—	1	—
Total	**96**	**—**	**82**	**2**	**11**	**1**

164. In paragraph 20 of the report of the Board of Auditors for the biennium ended 31 December 2005,[9] the Board recommended that UNICEF review its allocation of resources within countries in the light of the disparity between UNICEF Board-approved strategic priorities and the allocation of supplementary funding.

165. UNICEF considered the implications of this recommendation in the context of the organizational review, and an advisory committee was approved by the Executive Board in January 2008 to conduct a resource allocation review.

Department responsible: Programme Division

Status: Under implementation

Priority: Medium

Target date: Ongoing

[9] Ibid., *Sixty-first Session, Supplement No. 5B* (A/61/5/Add.2), chap. II.

166. **In paragraph 42, the Board reiterated its recommendation that UNICEF, in cooperation with the other United Nations organizations, advocate the expeditious review of the medical insurance plan.**

167. The review of the medical insurance plan was started but has not yet been completed. UNICEF continues to support the effort and will actively participate in the review.

Department responsible:	Division for Human Resources
Status:	Under implementation
Priority:	Medium
Target date:	Ongoing

168. **In paragraph 47, the Board reiterated its recommendation that UNICEF amend the presentation of its financial statements for cost recovery in statements I and IV or submit a redefinition of programme support expenditure to its Executive Board.**

169. UNICEF has been working with the United Nations and other United Nations Development Group Executive Committee agencies since August 2006 on the establishment of harmonized financial regulations and rules for eventual approval by the Executive Board.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2009

170. **In paragraph 62, the Board reiterated its recommendation that UNICEF revise its manuals and the special supplement to its Financial Regulations and Rules.**

171. UNICEF has been working with the United Nations and other United Nations Development Group Executive Committee agencies since August 2006 on the establishment of harmonized financial regulations and rules for eventual approval by the Executive Board. This work will require revision of the special supplement to the Financial Regulations and Rules. The Financial Regulations and Rules are the prerequisite for the framework of policy and procedural guidance.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2009

172. **In paragraph 72, the Board recommended that UNICEF attach an annex on financial reporting and transfers of funds to its agreements with National Committees.**

173. UNICEF is in the process of revising the cooperation agreement and will formally address the financial reporting and remittance of funds in the new agreement. In the meantime, Private Fund-raising and Partnerships updated the National Committee reporting calendar, which includes financial reporting and remittance forecast deadlines. This document is available to all National Committees online and is shared at the annual finance officers meeting.

Department responsible:	Private Fund-raising and Partnerships
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2009

174. **In paragraph 78, the Board recommended that UNICEF harmonize the accounting treatment of private sector fund-raising proceeds.**

175. Implementation options are being reviewed in the light of the harmonization of the Financial Regulations and Rules initiative and the adoption of IPSAS, which is planned for 2010.

Department responsible:	Division of Financial and Administrative Management
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2010

176. **In paragraph 99, the Board recommended that UNICEF revise document E/ICEF/Organization/Rev.3 to adapt the accountabilities of each unit to the core commitments for children in emergencies.**

177. The revision of document E/ICEF/Organization/Rev.3 is being carried out in conjunction with the organizational review. A project team has been established to revise the description of accountabilities.

Department responsible:	Division of Policy and Planning
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2008

178. **In paragraph 104, the Board recommended that UNICEF expedite the development of its emergency "talent pool".**

179. The talent pool will be part of the second phase of the Systems Applications and Products — Human Resources System, which is now scheduled for implementation during the fourth quarter of 2008.

Department responsible:	Division of Human Resources
Status:	Under implementation
Priority:	High
Target date:	Fourth quarter of 2008

180. **In paragraph 113, the Board recommended that UNICEF monitor more closely the target arrival date of emergency local orders and the date of their issuance.**

181. The roll-out of the single enterprise resource planning system to field offices during 2009 will facilitate closer monitoring of local procurement.

Department responsible:	Supply Division
Status:	Not yet implemented
Priority:	Medium
Target date:	Fourth quarter of 2009

182. **In paragraph 124, the Board recommended that UNICEF update the list of approved emergency items.**

183. UNICEF is currently updating the list of approved emergency items in conjunction with a sourcing, procurement and warehousing strategy based on the principles of category management.

Department responsible:	Supply Division
Status:	Under implementation
Priority:	Medium
Target date:	Third quarter of 2008

184. **In paragraph 128, the Board recommended that UNICEF revise long-term arrangements with suppliers after updating its approved emergency items list.**

185. UNICEF is currently updating the list of approved emergency items in conjunction with a sourcing, procurement and warehousing strategy based on the principles of category management.

Department responsible:	Supply Division
Status:	Under implementation
Priority:	Medium
Target date:	Third quarter of 2008

186. **In paragraph 170, the Board recommended that UNICEF assist country offices to ensure that they produce an extended assessment in compliance with the core commitments to children in emergencies.**

187. The implementation of the performance monitoring system for the core commitments to children and related training is in progress. The system has been fully piloted in Bangladesh. A core commitment to the children performance monitoring dashboard has been developed to facilitate the analysis of assessment information.

Department responsible:	Division of Policy and Planning
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2008

188. **In paragraph 195, the Board recommended that UNICEF identify ways of quickly assessing and raising the financial and administrative capacity of implementing partners during emergencies.**

189. In response to the rapidly changing partnerships environment and the introduction of the harmonized approach to cash transfers in country offices, including countries undergoing emergencies, UNICEF commenced a complete review process in February 2008.

Department responsible:	Programme Division
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2008

190. **In paragraph 203, the Board recommended that UNICEF liaise with the United Nations Office for Project Services (UNOPS) to ensure that financial procedures for direct construction adequately safeguard UNICEF interests.**

191. While liaison with UNOPS has been ongoing to ensure that financial procedures for direct construction are adequately safeguarding UNICEF interests, the Sri Lanka country office has continued to pursue competitive modalities for the implementation of the water schemes and other works. The earlier envisaged plan to engage UNOPS for direct implementation of new school construction has ceased, and a comprehensive bidding process was launched for the last batch of 11 tsunami-affected schools.

Department responsible:	Sri Lanka country office
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2008

VI. United Nations Relief and Works Agency for Palestine Refugees in the Near East

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[10]

192. Tables 12 and 13 below summarize the status of implementation of recommendations as of August 2008. As indicated in table 12, the implementation of the 10 main recommendations is in progress; 3 of them are targeted for implementation before the end of 2008 and 1 by the end of 2009. Of the 6 main recommendations for which no target date has been set, 2 pertain to ongoing activities, 3 are to be determined and the full implementation of 1 recommendation is dependent on factors that are beyond the control of the Agency.

Table 12
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Finance	4	—	—	4	2	2
Department of Finance/Department of Administrative Services	1	—	—	1	—	1
Department of Administrative Support	3	—	—	3	1	2
Department of Human Resources	1	—	—	1	1	—
Department of Internal Oversight Services	1	—	—	1	—	1
Total	**10**	**—**	**—**	**10**	**4**	**6**

Table 13
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Finance	5	—	—	5	4	1
Department of Finance/Department of Administrative Services	1	—	—	1	—	1
Department of Administrative Support	12	—	1	11	5	7
Department of Human Resources	6	—	1	5	3	2
Department of Internal Oversight Services	2	—	—	2	—	2
Programme Coordination and Support Unit	4	—	—	4	4	—
Field Offices	1	—	1	—	—	—
Total	**31**	**—**	**3**	**28**	**16**	**13**

[10] Ibid., *Sixty-third Session, Supplement No. 5C* (A/63/5/Add.3), chap. II.

193. Set out below is the information requested by the General Assembly on the status of implementation of recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2007. As indicated in the summary of the present report, most of the management's comments have already been included in the Board's report. Additional comments are provided below only where required.

194. It is important to note that in paragraphs 13 and 16 of the Board's report, references to the dates for the UNRWA organizational development plan are erroneous. The plan was launched in 2006, implementation started on 1 January 2007, and it is due to be completed at the end of 2009. The rate of recommendations not fully implemented must therefore be seen in the context of the ongoing reforms within the organizational development plan, which will end in 2009.

195. **In paragraph 27, the Board recommended that UNRWA consult with donors with a view to reprogramming resources reflected in balances for unliquidated obligations.**

196. Full implementation of the recommendation is dependent on factors that are beyond the control of the Agency.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	To be determined

197. **In paragraph 32, the Board recommended that UNRWA review the collectibility of the Palestinian National Authority debt and make a provision for doubtful debts as appropriate.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	Medium
Target date:	End of 2009 biennium

198. **In paragraph 37, the Board recommended that UNRWA account for all its land and buildings in its financial statements.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Revaluation exercise to be completed by the end of 2008 in preparation for IPSAS implementation

199. **In paragraph 46, the Board recommended that UNRWA, in coordination with the United Nations, ensure that its liabilities in respect of after-service health insurance is determined and accurately recorded.**

Department responsible:	Department of Finance in coordination with the United Nations Secretariat
Status:	In progress
Priority:	High
Target date:	To be determined

200. **In paragraph 51, the Board recommended that UNRWA (a) update its IPSAS implementation plan and ensure that it is approved; and (b) include all role players and a mechanism for reporting to them in its IPSAS implementation plan.**

201. The plan has been cleared and final approval will be given in September 2008.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	End of 2008

202. **In paragraph 55, the Board recommended that UNRWA revise the criteria for the inclusion of new suppliers on its register of approved suppliers and identify in its procurement rules and procedures how those criteria should be applied.**

Department responsible:	Department of Administrative Support
Status:	In progress
Priority:	Medium
Target date:	Promulgation of a new procurement manual in line with United Nations Global Marketplace practice and United Nations Common Coding System coding by the end of 2008

203. **In paragraph 59, the Board recommended that UNRWA maintain all relevant documentation, including supplier evaluation records, on registration files.**

204. Information on and formats for evaluating the performance of suppliers are being incorporated into UNRWA procedures and manuals.

Department responsible:	Department of Administrative Support
Status:	In progress
Priority:	Medium
Target date:	To be determined

205. **In paragraph 63, the Board recommended that UNRWA ensure that the field offices regularly update their registers of approved suppliers.**

206. All suppliers registration files have been completely updated as of January 2008.

Department responsible:	Field Offices/Field Procurement and Logistics Departments
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

207. **In paragraph 67, the Board recommended that UNRWA review its existing manual stock record-keeping arrangements.**

208. The new Procurement and Inventory Management System has been established.

Department responsible:	Department of Administrative Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

209. **In paragraph 70, the Board recommended that UNRWA adhere to the lead-time guidelines for the various stages of the procurement process.**

Department responsible:	Department of Administrative Support
Status:	In progress
Priority:	High
Target date:	To be determined

210. **In paragraph 74, the Board recommended that UNRWA (a) maintain an asset register that includes all non-expendable property, including land and building, that reflects the cost, description, asset number and date of acquisition, to ensure accountability for this property; and (b) implement procedures to periodically physically verify the existence of assets and the condition of the assets and investigate and adjust for variances.**

Department responsible:	Department of Administrative Support
Status:	In progress
Priority:	High
Target date:	The UNRWA centralized consolidated assets register will be implemented with the assets module of the Finance Management System by the end of 2008.

211. **In paragraph 80, the Board recommended that UNRWA consider disclosing in the financial statements the value of unused expendable property**

at the end of the financial period in order to improve transparency, accountability and financial reporting, and in preparation for the implementation of the International Public Sector Accounting Standards.

Department responsible:	Department of Administrative Support/Department of Finance
Status:	In progress
Priority:	High
Target date:	To be determined, dependent on the implementation of the Procurement and Inventory Management System

212. **In paragraph 85, the Board recommended that UNRWA develop human resources plans for its field offices.**

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	High
Target date:	End of 2009

213. **In paragraph 88, the Board recommended that UNRWA formalize the process of succession planning.**

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	End of 2008

214. **In paragraph 92, the Board recommended that UNRWA compile personal development plans for staff as part of the performance appraisal process.**

215. The e-PER appraisal system is currently being rolled out.

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	To be determined

216. **In paragraph 93, the Board recommended that UNRWA supervisors provide documented feedback during performance appraisal reviews of staff members.**

217. The e-PER appraisal system is currently being rolled out.

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	To be determined

218. **In paragraph 98, the Board recommended that UNRWA formally establish gender distribution milestones and monitor all new appointments against such milestones.**

219. In April 2008, UNRWA adopted the comprehensive gender mainstreaming strategy for 2008-2009.

Department responsible:	Department of Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

220. **In paragraph 101, the Board recommended that UNRWA include in its human resources plan a strategy to manage the timely filling of long-vacant posts.**

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	End of 2008

221. **In paragraph 107, the Board recommended that UNRWA (a) develop a comprehensive disaster recovery and business continuity plan and communicate it to all personnel; and (b) test, review and update its disaster recovery plan on a regular basis.**

Department responsible:	Department of Administrative Support
Status:	In progress
Priority:	High
Target date:	To be determined

222. **In paragraph 112, the Board recommended that UNRWA address the weaknesses identified in the back-up procedures relating to information technology across the Agency.**

223. In the summary of the draft report of the Board of Auditors, the Agency's back-up systems are described as "inadequate", while the recommendation refers to "weaknesses" in back-up procedures. The outstanding action is off-site storage of field back-up tapes for local field data containing only shared documents and e-mail

records. This will be addressed by the end of August 2008 through the issuance of a Technical Instruction that will ensure that a back-up procedure is established in all field offices.

Department responsible: Department of Administrative Support

Status: In progress

Priority: Medium

Target date: End of 2008

224. **In paragraph 116, the Board recommended that UNRWA review and update its information systems strategic plan regularly, taking into account international standards and best practice.**

225. The Information Management Committee will regularly review the UNRWA information and communications technology strategic plan.

Department responsible: Department of Administrative Support

Status: In progress

Priority: Medium

Target date: To be determined

226. **In paragraph 121, the Board recommended that UNRWA develop an information systems security policy to enforce and regulate access to sensitive and confidential data and information.**

227. The policy is being reviewed by the Information Management Committee.

Department responsible: Department of Administrative Support

Status: In progress

Priority: Medium

Target date: To be determined

228. **In paragraph 125, the Board recommended that UNRWA (a) develop a change control policy for emergency changes; and (b) enforce standardized procedures relating to requests for changes to the application systems.**

229. The statement that UNRWA had no formal approved change control procedures in place for emergency changes is incorrect. Auditors were advised that UNRWA Information System Division Technical Instruction No. 1 was revised to incorporate emergency changes. The new instruction was issued on 6 July 2008.

Department responsible: Department of Administrative Support

Status: Partially implemented

Priority: Medium

Target date: (a) Ongoing; (b) revised instructions issued in July 2008

230. **In paragraph 128, the Board recommended that UNRWA allocate sufficient personnel to staff help desks.**

Department responsible: Department of Administrative Support

Status: In progress

Priority: Medium

Target date: To be determined

231. **In paragraph 131, the Board recommended that UNRWA standardize help desk policies, procedures and structures to ensure consistent standards of service delivery.**

Department responsible: Department of Administrative Support

Status: In progress

Priority: Medium

Target date: End of 2008; full implementation dependent on available resources

232. **In paragraph 137, the Board recommended that UNRWA (a) consider desktop reviews or other alternative procedures for assignments where the security situation prevents a field visit from being undertaken; and (b) include the Area Staff Provident Fund in its audit workplan.**

233. In that connection, in paragraph 138, account is taken of security conditions that may prevent field visits in Gaza, the West Bank and Lebanon.

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: High

Target date: To be determined

234. **In paragraph 143, the Board recommended that UNRWA, in conjunction with the Department of Internal Oversight Services implement the recommendations of the peer review process.**

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: Medium

Target date: To be determined

235. **In paragraph 158, the Board recommended that UNRWA adopt a policy covering the management of all projects that, inter alia, set out the responsibilities of all role players, as well as the competencies and training required.**

236. Chapter 15 of the draft report of the Board relates to programme and project management and includes four recommendations which relate specifically to the management of projects. UNRWA's comments in relation to the recommendations have largely been reflected in the relevant paragraphs of the Board's report. UNRWA acknowledges certain shortcomings in project management and is addressing them as part of its organizational development plan. It is doing so as part of its programme cycle management reform efforts, which are well under way. For example:

(a) UNRWA has, with the creation of the Programme Coordination Support Unit, the recruitment of Monitoring and Evaluation Officers in headquarters and the recruitment of Programme Support Officers in each field office, made significant progress in developing a programme and project officer community across all field offices and headquarters.

(b) UNRWA has developed a monitoring and evaluation policy and an accompanying framework.

(c) The Programme Coordination and Support Unit is conducting training throughout the Agency on planning, monitoring, evaluation and implementation.

(d) In June 2008, UNRWA issued a Programme and Project Management Handbook, containing practical guidelines and a toolkit, to guide the adoption of best practices in all aspects of project and programme cycle.

(e) UNRWA is developing a medium-term strategy covering the period from 2010-2016 and is simultaneously developing biennial (2010-2011) implementation plans for each of its field locations.

237. Work remains to be done in the area of project management, including the revision of the Agency's project procedures manual, a revision which, along with the other reforms taking place under the organizational development plan, will address the recommendations set out in paragraphs 158, 162, 165 and 169.

Department responsible:	Programme Coordination and Support Unit
Status:	In progress
Priority:	Medium
Target date:	End of 2009

238. **In paragraph 162, the Board recommended that UNRWA establish a system to record and apply lessons learned in project implementation.**

239. For comments, see those provided for paragraph 158.

Department responsible:	Programme Coordination and Support Unit
Status:	In progress

Priority: Medium

Target date: End of 2009

240. **In paragraph 165, the Board recommended that UNRWA update the project procedures manual, with input from the field offices, and benchmark it against best practice and international standards.**

241. For comments, see those provided for paragraph 158.

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: Medium

Target date: End of 2009

242. **In paragraph 169, the Board recommended that UNRWA liaise with field offices to implement the project management support required by them.**

243. For comments, see those provided for paragraph 158.

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: Medium

Target date: End of 2009

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

244. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on 14 recommendations listed as outstanding from prior periods. The information on the recommendations is provided for the two financial periods ending 2005 and 2003.

245. The following table summarizes the overall situation.

Table 14
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Administrative Support	5	—	—	5	4	1
Department of Human Resources	4	—	—	4	[illegible]	—
Programme Coordination and Support Unit	5	—	—	5	5	—
Total	**14**	**—**	**—**	**14**	**13**	**1**

246. **In paragraph 48 of the report of the Board of Auditors for the biennium ended 31 December 2005,[11] the Board recommended that UNRWA adopt and implement a code of conduct for suppliers in line with the United Nations Supplier Code of Conduct.**

247. The Procurement and Inventory Management System project is in the last phase of implementation in all of the Agency's areas of operations and headquarters locations with an estimated conclusion in the third quarter of 2008. The conclusion of implementation of the System is planned to coincide with the finalization (approval) of the new procurement manual and its distribution to all parties concerned, internal and external. The promulgation of a new procurement manual in line with the United Nations Global Marketplace practice and the United Nations Common Coding System will take place by the end of 2008 (in line with recommendation contained in paragraph 55 of the Board's report for the 2006-2007 biennium).

Department responsible: Department of Administrative Support

Status: Under implementation

Priority: Medium

Target date: End of 2008

248. **In paragraph 57, the Board recommended that UNRWA expedite the compilation and implementation of a comprehensive human resource plan.**

249. Throughout 2007, substantial work was carried out developing a staffing strategy that sought to encompass the management of staffing at a strategic, operational, technical and policy level. At the end of 2007, the staffing at a strategic level was developed through a workforce strategy, which included workforce vision, workforce profile and strategic issues to be tackled. The organizational development plan incorporates a human resources management strategy (finalized on 25 September 2006) that was developed through extensive internal consultations and

[11] Ibid., *Sixty-first Session, Supplement No. 5C* (A/61/5/Add.3), chap. II.

with the assistance of an external expert. The strategy has served as a basis for the Human Resources departmental plan for 2008 and each division has outlined its outputs against the goals defined in the strategy.

Department responsible:	Department of Human Resources
Status:	Under implementation
Priority:	High
Target date:	End of 2009

250. **In paragraph 62, the Board recommended that UNRWA (a) develop a comprehensive training plan based on a formalized needs assessment; and (b) allocate an appropriate budget allotment based on identified training needs.**

251. A thorough training needs assessment has been conducted in headquarters and field offices. An Agency-wide training plan has been completed (as part of the various training components included in the organizational development plan) and the training budget has been allocated according to the prioritized needs across the Agency. A training policy is also in draft form and will be completed by 2008.

Department responsible:	Department of Human Resources
Status:	Under implementation
Priority:	Medium
Target date:	End of 2008 for the training plan, activities will be ongoing

252. **In paragraph 77, the Board recommended that UNRWA formalize the process of succession planning.**

253. The succession planning is part of the overall workforce planning (within the framework of the organizational development plan) and will be undertaken in 2008. In addition, exit interviews are conducted regularly for international staff. To ensure that UNRWA has an adequate cadre of senior staff who could be selected to replace retiring staff, large-scale externally accredited leadership and management development training started in 2007.

Department responsible:	Department of Human Resources
Status:	Under implementation
Priority:	High
Target date:	End of 2008

254. **In paragraph 80, the Board recommended that UNRWA compile personal development plans for all staff as part of the performance appraisal process.**

255. The performance appraisal system in UNRWA is under review and is an integral part of the changes in Area staff classification and compensation under organizational development. In the meantime, an interim performance appraisal system has been introduced for Area staff at the G16 level and above, and

international staff in the form of a modified electronic Performance Evaluation Report (the "ePER"). For the rest of the staff, performance management and personal work planning will be addressed in the latter stages of 2008 aligned with the post classification and compensation management initiatives. A working group to start providing options for this began its work in May 2008.

Department responsible:	Department of Human Resources
Status:	Under implementation
Priority:	High
Target date:	End of 2009

256. **In paragraph 84, the Board recommended that UNRWA establish policies and procedures on results-based management to provide for strategic planning, setting of targets, monitoring processes, promoting effective management decisions and reporting on performance.**

257. UNRWA is addressing the shortcomings identified in project management as part of its organizational development plan. It is doing so as part of its programme cycle management reform efforts, which are well under way. For example:

(a) UNRWA has, with the creation of the Programme Coordination Support Unit, the recruitment of Monitoring and Evaluation Officers in headquarters and the recruitment of Programme Support Officers in each field office made significant progress in developing a programme and project officer community across all field offices and headquarters.

(b) UNRWA has developed a monitoring and evaluation policy and an accompanying framework.

(c) The Programme Coordination and Support Unit is conducting training throughout the Agency on planning, monitoring, evaluation and implementation.

(d) In June 2008, UNRWA issued a Programme and Project Management Handbook, containing practical guidelines and a toolkit, to guide the adoption of best practices in all aspects of project and programme cycle.

(e) UNRWA is developing a medium-term strategy covering the period from 2010-2016 and is simultaneously developing biennial (2010-2011) Implementation Plans for each of its field locations.

258. Work remains to be done in the area of project management, including the revision of the Agency's project procedures manual, a revision which, along with the other reforms taking place under the organizational development plan, will address the recommendations set out in paragraphs 84, 93, 99, 104 and 107.

Department responsible:	Programme Coordination and Support Unit
Status:	Under implementation
Priority:	High
Target date:	End of 2009

259. **In paragraph 93, the Board recommended that UNRWA evaluate the performance of field offices against those offices' own targets and report thereon accordingly.**

260. For comments, see those provided above for paragraph 84.

Department responsible:	Programme Coordination and Support Unit
Status:	Under implementation
Priority:	High
Target date:	End of 2009

261. **In paragraph 99, the Board recommended that UNRWA compile a project document with an action plan, including time frames and responsibilities, for the full implementation of results-based management.**

262. For comments, see those provided above for paragraph 84.

Department responsible:	Programme Coordination and Support Unit
Status:	Under implementation
Priority:	High
Target date:	End of 2009

263. **In paragraph 104, the Board recommended that UNRWA (a) adopt a policy covering the management of all projects; and (b) set out the responsibilities of all role players, as well as competencies and training required.**

264. For comments, see above, those provided for paragraph 84.

Department responsible:	Programme Coordination and Support Unit
Status:	Under implementation
Priority:	High
Target date:	End of 2009

265. **In paragraph 107, the Board recommended that UNRWA carry forward all lessons learned through appropriate reporting in order to facilitate access and quick reference.**

266. For comments, see above, those provided for paragraph 84.

Department responsible:	Programme Coordination and Support Unit
Status:	Under implementation
Priority:	High
Target date:	End of 2009

267. **In paragraph 146, the Board recommended that UNRWA enforce (a) standardized procedures relating to requests for changes to the application systems and (b) a concise, complete and approved change control process for emergency changes.**

268. UNRWA Information Systems Division Technical Instruction No. 1 was revised to incorporate emergency changes. The new instruction was issued on 6 July 2008.

Department responsible:	Department of Administrative Support
Status:	Under implementation
Priority:	High
Target date:	In progress

269. **In paragraph 153, the Board recommended that UNRWA (a) develop, approve and promulgate a comprehensive disaster recovery plan and communicate it to all personnel; and (b) test, review and update its disaster recovery plan regularly.**

270. With a view to expediting the implementation of all Information Technology-related recommendations, UNRWA has secured the services of a consultant to develop a draft disaster recovery plan framework, which is due to be discussed and adopted by the recently established Information Management Committee. UNRWA has signed a memorandum of understanding with the Department of Field Support for all newly developed central applications to be moved to the data centre in Brindisi, Italy, from where disaster recovery services will be provided. A second International Wide Area Network to provide data connectivity is currently being implemented. The disaster recovery plan pertaining to Information Technology is planned for completion by the end of 2008.

Department responsible:	Department of Administrative Support
Status:	Under implementation
Priority:	Medium
Target date:	In progress

271. **In paragraph 157, the Board recommended that UNRWA develop, approve, implement and update on a regular basis an information and communication technology security policy to enforce and regulate access to sensitive and confidential data and information.**

272. The newly established UNRWA Information Management Committee will play a central role in implementing and updating the information systems strategic policy, as its terms of reference include the regular review of the Agency's Information and Communication Technology strategic plan. The initial phase is to develop an Information Systems policy framework by the second quarter of 2008.

Department responsible:	Department of Administrative Support
Status:	Under implementation

Priority: Medium

Target date: End of 2008

273. **In paragraph 162, the Board recommended that UNRWA revise its information and communication technology security in order to strengthen the computer environment logical access controls.**

274. A password policy was developed as of January 2008. Owing to technical limitations by the operating system, the implementation of the policy was put on hold pending resolution of a technical problem with the vendor.

Department responsible: Department of Administrative Support

Status: Under implementation

Priority: Medium

Target date: End of 2008

VII. United Nations Institute for Training and Research

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[12]

275. Tables 15 and 16 below summarize the status of implementation of recommendations as at August 2008.

Table 15
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Support Services	2	—	—	2	2	—
Department of Training	1	—	1	—	—	—
Department of Research	1	—	—	1	1	—
Department of Management-United Nations	2	2	—	—	—	—
Total	**6**	**2**	**1**	**3**	**3**	—

[12] Ibid., *Sixty-third Session, Supplement No. 5D* (A/63/5/Add.4), Chap. II.

Table 16
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Support Services	7	—	—	7	7	—
Department of Training	2	—	2	—	—	—
Department of Research	1	—	—	1	1	—
Department of Management-United Nations	2	2	—	—	—	—
Total	**12**	**2**	**2**	**8**	**8**	—

276. **In paragraph 21, the Board recommended that UNITAR: (a) monitor the implementation of the fund-raising strategies to fully address the problem of funding; and (b) evaluate the fund-raising strategies by obtaining feedback from donors and users on the effectiveness of the programmes.**

Department responsible: Department of Support Services

Status: In progress

Priority: High

Target date: 2008 and ongoing

277. **In paragraph 30, the Board recommended that UNITAR reconsider disclosure of the "balances relating to projects funded by donors" as a separate line item under the reserves and fund balances portion of statement II, as this will enhance understandability of the financial statements.**

278. In support of its recommendation, the Board states in paragraph 31, that the ending fund balances in respect of the Special Purpose Grants Fund represent earmarked funds, and therefore should be classified as "balances relating to projects funded by donors". However, the Administration notes that ending balances under all general trust funds, of which the Special Purpose Grants Fund is one, represent balances on earmarked funds, as funding is provided for specific purposes, and therefore the earmarking aspect itself is not unique to the Special Purpose Grants Fund of UNITAR. It is also noted that for all other general trust funds, including those shown in the financial statements of the United Nations, such balances for general trust funds have been consistently shown over many bienniums as "cumulative surplus", which have been accepted by the Board and which are also in compliance with United Nations System Accounting Standards. Therefore, the Administration, having reconsidered the recommendation in paragraph 30, is unable to accept it.

Department responsible: Department of Management-United Nations

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

279. **In paragraph 35, the Board recommended that UNITAR reconsider the disclosure of the statement of cash flows to include its share in the cash pool.**

280. The current presentation of cash pools follows long-established practices that have been accepted by the successive Boards of Auditors in all financial statements that have been certified. Under the United Nations system accounting standards, investments have been defined to specifically include those under the cash pool. As such, the cash pool is defined as an integral part of "investments", and changes in cash pool constitute changes in investment activities, which are therefore classified under "cash flows from investing activities", as per annex IV A of the United Nations system accounting standards. As the presentation of the cash pool as part of investing activities in the statement of cash flows is in compliance with those standards, the Administration is not in a position to accept the recommendation.

281. The Administration will, however, take the concerns raised by the Board into account during the implementation of the International Public Sector Accounting Standards.

Department responsible: Department of Management-United Nations

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

282. **In paragraph 38, the Board recommended that UNITAR solicit prices in the procurement of low-value items in accordance with rule 9.4.1 of the United Nations Procurement Manual.**

Department responsible: Department of Support Services

Status: In progress

Priority: Medium

Target date: October 2008

283. **In paragraph 42, the Board recommended that UNITAR enhance its monitoring and control over non-expendable property in order to improve accountability and operational efficiency.**

Department responsible: Department of Support Services

Status: In progress

Priority: Medium

Target date: October 2008

284. **In paragraph 47, the Board recommended that the issue of overlapping financial and accounting functions be resolved.**

Department responsible:	Department of Support Services
Status:	In progress
Priority:	High
Target date:	Early 2009

285. **In paragraph 52, the Board recommended that UNITAR continue efforts to achieve a more balanced geographical distribution of staff.**

Department responsible:	Department of Support Services
Status:	In progress
Priority:	Medium
Target date:	2008 and ongoing

286. **In paragraph 55, the Board reiterated its previous recommendation that UNITAR implement ISO 17799.**

Department responsible:	Department of Support Services
Status:	In progress
Priority:	Medium
Target date:	2009

287. **In paragraph 59, the Board recommended that UNITAR revisit its arrangement on the status of UNITAR POCI (now Peace Operations Training Institute) as a service provider.**

Department responsible:	Department of Training
Status:	Implemented
Priority:	High
Target date:	Not applicable

288. **In paragraph 60, the Board recommended that UNITAR revisit its existing contract with POCI and consider the inclusion of at least the following terms in the new contract: (a) increase in the percentage share of UNITAR (annual overhead fee) in the revenues of POCI; (b) the immediate remittance of the annual overhead fee, in such a way that interest shall be imposed for every month of delay; (c) the specification of the period covered by the contract; and (d) the specification of the grounds for the termination of the contract.**

Department responsible:	Department of Training
Status:	Implemented

Priority: Medium

Target date: Not applicable

289. **In paragraph 65, the Board recommended that UNITAR evaluate adequately the accomplishment of targeted programmes and projects at least once a year.**

Department responsible: Department of Research

Status: In progress

Priority: High

Target date: June 2009

290. **In paragraph 74, the Board reiterated its previous recommendation that UNITAR enhance its guidelines to address the risk of internal corruption and fraud in line with the United Nations fraud prevention plan and policy.**

Department responsible: Department of Support Services

Status: In progress

Priority: Medium

Target date: June 2009

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

291. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 11 recommendations listed as outstanding from prior periods, 10 of which are shown in the annex as "partially implemented" and 1 as "not implemented". The information is set out in the order in which the recommendations are presented in the annex.

292. Table 17 summarizes the overall situation.

Table 17
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Training	1	—	1	—	—	—
Department of Research	2	—	—	2	2	—
Department of Support Services	8	—	—	8	8	—
Total	**11**	**—**	**1**	**10**	**10**	**—**

293. **In paragraph 42 of the report of the Board of Auditors for the biennium ended 31 December 2005,[13] the Board recommended that the Institute ensure that its legal and financial interests are properly addressed and safeguarded by its agreement with UNITAR POCI for the implementation of the programme of correspondence instruction.**

Department responsible:	Department of Training
Status:	Implemented
Priority:	High
Target date:	Not applicable

294. **In paragraph 52, the Board recommended that the Institute continue its efforts to achieve a more balanced geographical distribution of staff.**

295. UNITAR has imposed a strict recruitment policy to give priority to applicants from developing countries. From July 2007 to date, six out of eight recruitments were from developing countries.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	High
Target date:	2008 and continuous

296. **In paragraph 75, the Board recommended that UNITAR monitor output and result indicators.**

297. Following the restructure of UNITAR, the Research Department was created and will address this issue, which previously had not been addressed owing to a lack of staff resources.

Department responsible:	Department of Research
Status:	In progress
Priority:	High
Target date:	June 2009

298. **In paragraph 81, the Board recommended that UNITAR develop systematic sharing of best practices developed by its units and consider harmonizing the format and content of its evaluation tools in order to enhance the evaluation of its training activities and streamline the reporting process.**

299. For comments, see those in response to the Board's recommendation in paragraph 75.

Department responsible:	Department of Research

[13] Ibid, *Sixty-first Session, Supplement No. 5D* (A/61/5/Add.4), chap. II.

Status: In progress

Priority: High

Target date: June 2009

300. **In paragraph 88, the Board recommended that UNITAR (a) review the current information and communication technology function to consider if it is appropriately staffed, (b) improve its cooperation with other United Nations organizations to further benefit from system-wide experience and (c) adopt precise terms of reference for its information technology committee.**

301. The recommendations contained in paragraphs 88, 96, 98,104, 107 and 109 are related to information technology. UNITAR did not have sufficient financial or human resources to implement the recommendations earlier. However, financial and substantial plans are now in place and the implementation has begun.

Department responsible: Department of Support Services

Status: In progress

Priority: Medium

Target date: December 2008

302. **In paragraph 92, the Board recommended that UNITAR enhance its guidelines on the risk of internal corruption and fraud (including procedures to commit all parties to comply with the relevant policies and appropriate training), in line with the United Nations fraud prevention plan and policy.**

303. For comments, see above, those in response to paragraph 88.

Department responsible: Department of Support Services

Status: In progress

Priority: High

Target date: June 2009

304. **In paragraph 96, the Board recommended that UNITAR adopt or develop comprehensive policies that address the management of the risk of electronic misconduct, in line with United Nations policies and rules.**

305. For comments, see above, those in response to paragraph 88.

Department responsible: Department of Support Services

Status: In progress

Priority: High

Target date: 2009

306. **In paragraph 98, the Board recommended that UNITAR implement ISO 17799.**

307. For comments, see above, those in response to paragraph 88.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	Medium
Target date:	2009

308. **In paragraph 104, the Board recommended that UNITAR assess and prepare information and communication technology strategies to address the risk management of information, including information technology audits and investigations.**

309. For comments, see those in response to paragraph 88.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	Medium
Target date:	June 2009

310. **In paragraph 107, the Board recommended that UNITAR develop formal policies concerning all aspects of identity management and properly document identification and authentication procedures.**

311. For comments, see those in response to paragraph 88.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	Medium
Target date:	2009

312. **In paragraph 109, the Board recommended that UNITAR review its policy relating to the monitoring of e-mail content, in line with United Nations policies.**

313. For comments, see those in response to paragraph 88.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	Medium
Target date:	2009

VIII. Voluntary funds administered by the Office of the United Nations High Commissioner for Refugees

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2007[14]

314. Tables below summarize the status of implementation of recommendations as at August 2008.

Table 18
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	9	—	—	9	2009	—
Division of Operational Services	2	—	—	2	2009	—
Division of Human Resources	2	—	—	2	2009 & further	—
Total	**13**	**—**	**—**	**13**	**2009/2010**	**—**

Table 19
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	15	—	—	21	2009/2010	—
Division of Operational Services	3	—	—	3	2009/2010	—
Division of Human Resources	2	—	—	2	2009 & further	—
Organizational Development and Management Service	1	—	—	1	2009	—
Total	**21**	**—**	**—**	**21**	**2009/2010**	**—**

315. **In paragraph 36, the Board recommended that UNHCR reinforce its mechanisms of control of the validity of obligations and whether they are recorded in the proper period.**

316. **In paragraph 43, the Board recommended that UNHCR urgently set up specific funding to balance the impact of accrued after-service liabilities, notably for health insurance.**

317. **In paragraph 52, the Board recommended that UNHCR regularly update the IPSAS adoption plan and the related budget.**

[14] Ibid., *Sixty-third Session, Supplement No. 5E* (A/63/5/Add.5), chap. II.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Normal
Target date:	2009/2010

318. **In paragraph 81, the Board recommended that UNHCR allocate adequate resources to complete the clean-up of its assets database.**

319. **In paragraph 84, the Board recommended that UNHCR periodically reconcile the amounts shown in the database for assets purchased with those shown in the general ledger.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Normal
Target date:	2009

320. **In paragraph 89, the Board recommended that UNHCR disclose in its financial statements the value of expendable property unused at the end of the financial year.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Normal
Target date:	2009

321. **In paragraph 97, the Board recommended that UNHCR reassess its staffing needs in order to ensure that actual staffing does not exceed the authorized numbers.**

322. **In paragraph 106, the Board recommended that UNHCR carry out systematic and accurate budgetary monitoring of the budgetary costs of staff in between assignments.**

Department responsible:	Division of Operational Services
Status:	In progress
Priority:	Normal
Target date:	2009 and further

323. **In paragraph 118, the Board recommended that UNHCR address the long-outstanding advances to implementing partners.**

324. **In paragraph 123, the Board recommended that UNHCR pursue its effort to further improve the rate of audit certificates for the expenditure incurred by its implementing partners.**

325. **In paragraph 126, the Board recommended that UNHCR provide a standardized template to local offices to ensure that audit certificates are in conformity with reporting standards.**

326. **In paragraph 130, the Board recommended that UNHCR conduct an in-depth analysis of audit certificates in order to make potential adjustments to prior-year expenditure in the 2008 financial statements.**

327. **In paragraph 133, the Board recommended that UNHCR ensure that all the projects that individually or collectively exceed the audit threshold are effectively subject to an audit.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	2009/2010

328. UNHCR is taking action on all the issues addressed by the Board, including the three high-risk areas identified in the review of the UNHCR accounts for the year 2006, namely, implementing partner audit certification, non-expendable property, and staff in between assignments. Following the review of accounts for the year 2007, UNHCR agreed with the Board to add the issue of the end-of-service liabilities as a fourth high-risk area.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

329. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 27 recommendations listed as outstanding from prior periods, 24 of which are shown in the annex as "partially implemented" and 3 as "not implemented". The information is set out in the order in which the recommendations are presented in the annex.

330. It should be noted that no input has been provided concerning the recommendations recorded as fully implemented. It should also be noted that the recommendations in paragraphs 72, 75, 87, 96, 106, 120 and 126 have very recently been recorded as implemented by the Board.

331. Table 20 summarizes the overall situation.

Table 20
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	15	—	1	14	2008/2009	—
Division of Human Resources Management	3	—	1	2	ongoing	—
Division of Operational Services	15	—	6	9	2009	—
Executive Office	3	—	2	1	2008	—
Africa Bureau	2	—	1	1	2008	—
Total	**38**	**—**	**11**	**27**	**2008/2009**	**—**

332. **In paragraph 14 of the report of the Board of Auditors for the year ended on 31 December 2006,[15] the Board recommended that UNHCR continue to implement a strict "staff in between assignments" policy, with a view to providing every staff member with a full-time assignment in order to limit the cost for the organization.**

333. One of the High Commissioner's policy priorities is to ensure that the Office maintains an effective balance between positions and actual staffing. UNHCR is currently looking into the budget of the working and non-working staff in between assignments to understand the reasons behind the increase that was observed in 2007. That will allow UNHCR to develop preventive measures to ensure maximum control over those budgets, and in the process minimize the charges against them.

Department responsible: Division of Human Resources

Status: In progress

Priority: High

Target date: Long term process and ongoing efforts

334. **In paragraph 35, the Board recommended that UNHCR should (a) improve its treasury risk management; (b) prepare guidelines in respect of its centralized pooling policy; and (c) implement better segregation of duties in banking operations.**

335. While the treasury management system was implemented on 12 November 2007, the implementation of global centralization will be staged by region throughout 2008.

Department responsible: Treasury Section

[15] Ibid., *Sixty-second Session, Supplement No. 5E* (A/62/5/Add.5), chap. II.

Status: In progress

Priority: Normal

Target date: End of 2008

336. **In paragraph 40, the Board recommended that UNHCR take comprehensive steps to manage its foreign-exchange risk exposure.**

337. The treasury management system functionality will permit more effective mitigation of the foreign-exchange risk derived from balance sheet and income and expenditure exposures, through global system-enabled cash flow forecasting and positioning.

Department responsible: Treasury Section

Status: In progress

Priority: Normal

Target date: End of 2008

338. **In paragraph 42, the Board recommended that UNHCR (a) incorporate into its contribution tracking system an indicator to assess the time lag between the due date and payment of contributions, and (b) formalize the payment-due dates of pledged contributions into contractual agreements.**

339. UNHCR contributions are voluntary and are negotiated accordingly. Pledges pending payment are regularly monitored through PeopleSoft reports. Draw down schedules exist for some major donor Governments. The draw down on pledges is advanced whenever possible, and regularly reviewed. UNHCR is continuing to promote donor commitment to specific payment dates for pledged contributions within contractual agreements, in order to improve the predictability in timing of the receipt of pledged contributions and to encourage the early payment of pledges.

Department responsible: Division of External Relations/Donor Relations and Resource Mobilization Service

Status: In progress

Priority: Normal

Target date: Ongoing

340. **In paragraph 44, the Board recommended that UNHCR update periodically the status of the bank accounts.**

341. UNHCR agrees with the Board's recommendation and action will be taken accordingly.

Department responsible: Finance Section

Status: Not implemented for 2007 accounts

Priority: Normal

Target date: 2009 and ongoing

342. **In paragraph 46, the Board recommended that UNHCR improve the effectiveness of communication between the Finance Department and the Treasury Section with regard to the closing of field-office bank accounts.**

343. UNHCR agrees with this recommendation. The integrated tasks and duties derived from banking operations between Treasury and Finance will be segregated through the allocation of system-based roles and responsibilities within the Management Systems Renewal Project (MSRP) treasury management and finance systems.

Department responsible: Treasury Section

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

344. **In paragraph 51, the Board recommended that UNHCR fully reconcile all bank accounts in a timely manner.**

345. UNHCR agrees with this recommendation. With automated online reconciliation available to all offices by the end of 2007, UNHCR is better equipped to ensure timely and accurate bank account reconciliation. In 2007, UNHCR monitored field offices' timely compliance on a monthly basis and followed up any instances of non-compliance with direct instructions to representatives.

Department responsible: Finance Section

Status: Not implemented as per 2007 accounts

Priority: Normal

Target date: 2008 and ongoing

346. **In paragraph 54, the Board recommended that UNHCR introduce controls to avoid negative balances on petty cash accounts.**

347. UNHCR agrees with the Board's recommendation and has reinforced procedures for monthly monitoring of petty cash balances during 2007. Negative balances are flagged during monthly closure of accounts and appropriate corrective actions are taken accordingly.

Department responsible: Finance Section

Status: Not implemented as per 2007 accounts

Priority: Normal

Target date: 2008 and ongoing

348. **In paragraph 60, the Board recommended that UNHCR (a) significantly increase the proportion of audit certificates received in respect of implementing partners' expenditure; ... and (c) determine overall impact on its financial position of qualified audit certificates and reflect this impact in its financial statements as needed.**

349. With regard to subparagraph (a) of the recommendation, as at 25 June 2008, the increase in the percentage of audit certification received in 2007 versus 2006 had risen 16-fold from 3 per cent to 49 per cent. Hence, in the period between 11 and 25 June, compliance had further climbed from 35 per cent to 49 per cent. These statistics demonstrate that UNHCR has made a successful start to the implementation of the 2006 recommendations of the Board. Regarding subparagraph (c), the value of qualified audit certification is attributable mainly to non-compliance with procurement procedures and the lack of supporting documentation for payments. In cases where audit reports are qualified, the Financial Control Section is advising field offices and desks on appropriate strategy and will ensure that recommendations contained in the audit report are implemented by listing all the observations in a matrix and requesting field offices to confirm compliance.

Department responsible:	Finance Section
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

350. **In paragraph 62, the Board recommended that UNHCR (a) take all necessary steps to secure reasonable assurance regarding the reported use of funds by implementing partners prior to the final audit of its financial statements and (b) disclose any relevant concerns regarding such usage in the notes to the financial statements.**

351. UNHCR considers that its subproject monitoring reports constitute the fundamental internal management tool and process for the verification of the use of funds by implementing partners. Implementing partner audit certification is seen as a complementary tool to further examine the appropriateness of the use of funds, and as a further independent basis for the identification of deficiencies that may require closer monitoring or remedial follow-up, and which might otherwise fall beyond the reach of the Office of Internal Oversight Services audit plan. With regard to subparagraph (b), UNHCR will not be able to disclose information about the implementing partner use of funds, based on the implementing partner audit certification process, as by the time of closure of accounts, it will be premature to conclude any analytical information on the process.

Department responsible:	Controller's Office and Finance Section
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

352. **In paragraph 65, the Board recommended that UNHCR integrate all the subprojects into the MSRP database as quickly as possible.**

353. Action has been taken to update MSRP records for implementing partner subprojects up to 2006. The responsibility for adding implementing partner agreements in MSRP is passed to field offices with the MSRP roll-out up to the end of 2007. Where MSRP was rolled out to field offices in late 2007, further actions among the Finance Section, Bureaux and field offices will be required to ensure that all data for 2007 implementing partner agreements in the MSRP records are complete.

Department responsible:	Finance Section
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

354. **In paragraph 67, the Board recommended that UNHCR determine and address the causes of discrepancies between MSRP and LiveLink.**

355. UNHCR recognizes that discrepancies exist between the two systems. As LiveLink is a flat PDF file system and MSRP/Programme Support is an online real-time data generator, the means of replicating more accurate and complete data transfers between MSRP and LiveLink will be further assessed during 2008 subject to availability of adequate resources within agreed priorities.

Department responsible:	Finance Section
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

356. **In paragraph 71, the Board recommended that UNHCR review the expenditure channelled to the Office of the Prime Minister of Uganda to determine whether it complies strictly with its mandate and legislative authority.**

357. An external audit firm was recruited to audit the 2007 accounts of all qualifying implementing partners, including government counterpart Office of the Prime Minister. It is interesting to note that the audit which focused on compliance with UNHCR sub-agreements and use of resources rendered an unqualified opinion on the accounts of the Office of the Prime Minister.

Department responsible:	Africa Bureau
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

358. **In paragraph 74, the Board recommended that UNHCR (office in Uganda) (a) strengthen the monitoring of its subprojects and (b) ensure that adequate records are maintained for all project assets.**

359. The representation carried out physical verification of all assets in refugee hosting areas in February and March 2008. Assets in good condition have been kept while those in bad condition have been compiled for disposal.

Department responsible:	Africa Bureau
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

360. **In paragraph 78, the Board recommended that UNHCR review its processes to ensure the validity of unliquidated obligations.**

361. Unliquidated obligations include the use of accounting estimates, where exact amounts are unknown at the year-end deadline. Accordingly, there will continue to be adjustments to these estimates up to final settlement. In addition, operational circumstances in the field require, in some instances, the postponement of certain activities. That was the case for some of the 2006 projects in the United Republic of Tanzania; the reasons for the delays have been explained to the Auditors in the context of the responses to the Board with regard to that specific audit revision.

362. Further efforts are being made to ensure that only valid unliquidated obligations are retained at year-end, including monthly review and follow-up on purchase orders not received. In addition, significant balances at the end of the year will be further scrutinized.

Department responsible:	Finance Section
Status:	In progress
Priority:	Normal
Target date:	2008 and ongoing

363. **In paragraph 82, the Board recommended that UNHCR complete the data clean-up exercise of the asset database started in 2005.**

364. As of the end of 2007, all transactions from the old "AssetTrack" system were imported into PeopleSoft/MSRP. That should stabilize the assets database and the clean-up can begin in earnest. There are active approximately 120,000 assets currently recorded in the database. The clean-up will therefore take some time to complete. The Asset Management Unit is scheduled to be to relocated to Budapest in January 2009 and strengthened at the same time.

Department responsible:	Division of Operations
Status:	In progress

Priority: Normal

Target date: 2008 and ongoing

365. **In paragraph 85, the Board recommended that UNHCR periodically reconcile the amount of the purchases recorded in the accounts and those entered in the database.**

366. UNHCR sends the updates on procurement to field operations on a quarterly basis. In addition, UNHCR conducted a follow-up on assets procured but not recorded in the system. Results revealed a technical problem in MSRP, which was rectified in December 2007. New instructions were sent to field operations as part of the continuous follow-up process during 2008.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

367. **In paragraph 87, the Board recommended that UNHCR reconcile the data from the physical inventory with the data from both databases so that the analysis, reconciliation and update can be reflected in the note to the financial statements of the year to which the inventory refers.**

368. As of January 2008, all assets data will be compiled in one system, that is the MSRP/PeopleSoft (procurement, payments, disposal, etc.). That will ensure more accurate information for the required reconciliation as of 2008.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008

369. **In paragraph 89, the Board recommended that UNHCR pursue its efforts to perform timely annual physical inventories.**

370. UNHCR confirms that efforts continue to ensure maximum compliance with the physical verification exercise. In 2007, 66 per cent of field operations reported completion of the exercise. However, it will be unavoidable to have less compliance by large emergency operations where volatile security situations prevail. The exercise is an ongoing process which will continue to be closely monitored.

371. Further instructions will be issued to enhance the process of physical verification in the field during 2008.

372. The physical verification of headquarters assets for 2007 was conducted in December.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

373. **In paragraph 94, the Board recommended that UNHCR (a) update the assets database and (b) report the decisions made by local asset-management boards in a timely manner.**

374. UNHCR has conducted a review of all disposal requests prepared in PeopleSoft, including the Local and Headquarters Asset Management Boards authority and the timeliness of implementation of decisions, etc. The exercise revealed that 83 per cent of the decisions made during the years 2004 to 2006 were implemented and cases were closed. A second round of quality control started in November 2007 and will continue during 2008. Regular feedback is given to local boards in the field and fair discussion of the cases is conducted. In January 2008, a standard format for local boards minutes was sent to the field with a recommendation to use it in future. In 2007, 93 local boards were created. The remaining countries are lacking sufficient staff to form a local board and therefore submit their cases directly to the Headquarters Board. A close follow-up has been done on local board cases and minutes, and the collected information is available in LiveLink. Further enhancement to the system is required in order to obtain information about agreements of transfer of ownership to implementing partners.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

375. **In paragraph 96, the Board recommended that UNHCR shorten the time taken for formal write-off approvals.**

376. UNHCR agrees with the recommendation and will improve the time period for obtaining the formal write-off approvals.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008

377. **In paragraph 98, the Board recommended that UNHCR record accrued interest not yet due in the appropriate account at the end of each year.**

378. UNHCR agrees and will implement this recommendation.

Department responsible: Finance Section

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

379. **In paragraph 106, the Board recommended that UNHCR prepare briefing kits in a harmonized and improved format that complies with the guidelines.**

380. The Executive Office has shared the relevant instructions and guidelines on the proper form, preparation of briefing kits and talking/speaking points for the High Commissioner with all the relevant Bureaux and Divisions ahead of the High Commissioner's missions and/or meetings. These are also shared upon individual request.

Department responsible: Executive Office

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

381. **In paragraph 120, the Board recommended that UNHCR review the validity of all external standby agreements for emergency responses and update its stock-taking and catalogue of emergency response resources accordingly.**

382. A guide to UNHCR's emergency standby partners and deployment arrangements has been finalized and will be issued and shared with all staff during the month of February 2008. UNHCR has reviewed all existing standby agreements and is in the process of drafting additional ones with new partners.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008

383. **In paragraph 126, the Board recommended that UNHCR clarify the issue of project personnel arrangements and ensure compliance with the 2004 Executive Board instruction on the discontinuation of such arrangements.**

384. UNHCR has finalized a Guide to Emergency Standby Partners and External Deployment Arrangements. The guide was distributed to Field Operations, to Headquarters services and is now available on the UNHCR Intranet. UNHCR has also finalized the United Nations Office for Project Services (UNOPS) Field Guide, which was shared with UNOPS Geneva for comments and clearance before issuance.

Department responsible: Division of Operations and Division of Financial and Administrative Management

Status: In progress

Priority: Normal

Target date: 2008

385. **In paragraph 130, the Board recommended that UNHCR reduce the time between changes in country assessment and their approval.**

386. After consultations with desks/bureaux and the Assistant High Commissioner for Operations, the crisis scanning mechanism tested in 2007 was considered too time-consuming for the purpose of updating desks with an in-house analysis (delivered by the Emergency Preparedness and Response Section). EPRS will continue to share the quarterly Inter-Agency Standing Committee Subworking group report on early warning, which is becoming of greater importance within the United Nations system. At the same time, the IASC Subworking group on early warning agreed on the establishment of the Humanitarian Early Warning System (HEWS) web phase II, which is an IASC-based early warning/preparedness mechanism and an inter-agency effort uniting UNICEF, WHO, WFP and the Office for the Coordination of Humanitarian Affairs to build phase II of the HEWS web project. While phase I had targeted natural disasters, phase II will target socio-political crises. The mechanism will be designed to provide humanitarian actors with a systematic sharing of information, based on continuously updated information of global threats, and facilitation of consensus on such threats in near real time, so as to support inter-agency coordination at the decision-making level.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008

387. **In paragraph 138, the Board recommended that UNHCR ensure full compliance with minimum operating security standards/minimum operating residential security standards (MOSS/MORSS) regulations, especially for duty stations in phase III.**

388. Various UNHCR services worked closely together to provide the required assistance and funding to ensure that all offices meet the High Commissioner's deadline of December 2007, for MOSS compliance of all offices in security phase III and above. By January 2008, there were 20 offices (12 in phase III and above) which had not yet achieved MOSS compliance, owing primarily to changes in country MOSS tables or new office creations. All offices are scheduled to be completed no later than March 2008.

Department responsible: Division of Operations

Status: In progress

Priority: Normal

Target date: 2008 and ongoing

IX. Fund of the United Nations Environment Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[16]

389. Table 21 below summarizes the status of implementation of recommendations as at August 2008.

Table 21
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Corporate Services Section	11	—	3	8	8	—
Total	**11**	**—**	**3**	**8**	**8**	**—**

390. **In paragraph 19, the Board recommended and UNEP agreed with the Board's recommendation to strictly apply the provisions of administrative instruction relating to travel costs or obtain new measures from the United Nations Secretariat if it is confirmed that the current provisions are inappropriate.**

391. Several measures have been initiated by UNEP, through the United Nations Office at Nairobi, to ensure implementation of the above recommendation: (a) an automated travel claim voucher with a requirement to state the reasons for any delay in submitting the claim; (b) issuance of a bulletin to staff reminding them of the provisions of administrative instructions ST/AI/2000/20 and ST/AI/2006/4; (c) United Nations Office at Nairobi, acting on behalf of UNEP, is to write to the United Nations Secretariat to inform them of the recommendation and the present procedures and to request that the administrative instruction be revisited.

Department responsible: Corporate Services Section to follow up with UNON

Status: In progress

Priority: High

Target date: 31 December 2008

392. **In paragraph 35, the Board recommended and UNEP agreed with the Board's recommendation to monitor on a regular basis the level of its liquidity and the progress of its projects.**

393. As an interim measure, until the implementation of an enterprise resource planning system is completed, UNEP monitors its overall liquidity on a monthly basis in line with multi-year trends. Since UNEP is almost exclusively voluntarily funded, irregular payments by donors are unavoidable, and hence the UNEP

[16] Ibid., *Sixty-third Session, Supplement No. 5F* (A/63/5/Add.6), chap. II.

financial reserve is to safeguard the organization against any liquidity problems in that regard.

Department responsible: Corporate Services Section

Status: Request to close

Priority: High

Target date: Not applicable as this is continuous process

394. **In paragraph 44, the Board recommended and UNEP agreed with the Board's recommendation to set up specific funding to balance in its accounts its liabilities for end-of-service and post-retirement benefits, particularly health insurance.**

395. As a first step, UNEP will seek the guidance of the United Nations Secretariat on this matter. UNEP will also give consideration to setting up a funding system similar to the one for the repatriation benefits.

Department responsible: Corporate Services Section

Status: In progress

Priority: High

Target date: January 2009

396. **In paragraph 50, the Board recommended and UNEP agreed with the Board's recommendation to disclose in its financial statements the resources it receives from the regular budget and the related expenditure.**

397. UNEP will provide the required information in accordance with the recommendation starting with the financial statements of the first year of the biennium 2008-2009 ending 31 December 2008.

Department responsible: Corporate Services Section

Status: In progress

Priority: High

Target date: 31 December 2008

398. **In paragraph 53, the Board recommended and UNEP agreed with the Board's recommendation that it disclose all advances paid to the implementing partners on the specific line in its financial statements and provide additional information in the notes.**

399. The required information is already being provided in the monthly financial accounts in 2008 and will also be provided in the final accounts starting with the financial statements for the first year of the biennium 2008-2009 ending 31 December 2008.

Department responsible: Corporate Services Section

Status:	In progress
Priority:	High
Target date:	31 December 2008

400. **In paragraph 57, the Board recommended and UNEP agreed with the Board's recommendation that, in conjunction with the United Nations Human Settlements Programme (UN-HABITAT) and the United Nations Office at Nairobi, it establish a working group for both the IPSAS and the enterprise resource planning system.**

401. UNEP will coordinate with UN-Habitat and United Nations Office at Nairobi to set up the recommended working group. Terms of reference have been drafted and shared with UN-Habitat and the United Nations Office at Nairobi.

Department responsible:	Corporate Services Section
Status:	In progress
Priority:	High
Target date:	31 December 2008

402. **In paragraph 62, the Board recommended and UNEP agreed with the Board's recommendation that it review its service agreement with the United Nations Office at Nairobi.**

403. The Executive Service Management Board, comprising the heads of UNEP, UN-Habitat and the UNDP Resident Coordinator, has decided to commission a study to review the services provided by the United Nations Office at Nairobi with a view to identifying areas which need improvement and generally improve the workflows in order to deliver services efficiently and cost effectively. The terms of reference have been drafted and are being finalized. It is hoped that as a result there will be new, improved service level agreements.

Department responsible:	Corporate Services Section
Status:	In progress
Priority:	High
Target date:	30 June 2009

404. **In paragraph 65, the Board recommended and UNEP agreed with the Board's recommendation that it improve its internal control procedures in order to ensure that contributions are correctly recorded.**

405. UNEP will ensure more rigorous year-end reconciliation.

Department responsible:	Corporate Services Section
Status:	In progress

Priority: High

Target date: 31 December 2008

406. **In paragraph 72, UNEP agreed with the Board's recommendation that it continue to draw the attention of the parties to the payment of long-outstanding contributions or to their write-off.**

407. The United Nations Controller has made it clear that the responsibility of write-off, in case of multilateral environment agreements (MEAs) administered by UNEP, is the responsibility of the parties to the MEAs and not UNEP — a position that the Board of Auditors has accepted. UNEP has addressed this repeated audit concern by consistently drawing the parties' attention to the auditors' recommendations and the relevant United Nations Accounting Standards. The Board of Auditors has applauded the efforts of the United Nations Environment Programme in this regard as noted in paragraphs 16, 69, 70 and 71 of the latest report. However, the recommendation contained in paragraph 72 incorrectly implies that UNEP has the authority to write off outstanding contributions to MEAs or that repeated reminders addressed to the MEAs have had no impact. On the contrary, parties to a number of MEAs, e.g., the Convention on Biological Diversity, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, as well as the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, are among those whose parties have adopted resolutions for the purpose of initiating measures to compel those parties that are in arrears in the payment of their contributions to speed up payment of those arrears. While UNEP will continue to monitor developments in this area, it strongly feels that the recommendation has been fully implemented and has served the intended purpose and should therefore be closed.

Department responsible: Corporate Services Section

Status: Request to close

Priority: High

Target date: Not applicable

408. **In paragraph 76, the Board recommended and UNEP agreed with the Board's recommendation that it justify the amount of non-expendable property disclosed in the financial statements with the results of the physical inventory.**

409. Bar-coding of all non-expendable items at UNEP headquarters was completed by 30 April 2008 and a physical inventory was also carried out and reconciled. The same exercise will be carried out for non-expendable items in UNEP offices away from headquarters during the last quarter of 2008 and first half of 2009.

Department responsible: Corporate Services Section

Status: In progress

Priority: High

Target date: December 2009

410. **In paragraph 83, the Board recommended and UNEP agreed with the Board's recommendation that it look at options for reducing manual processing to a minimum.**

411. Having consulted the United Nations Office at Nairobi, UNEP feels it is not feasible to reduce the manual intervention any further until the implementation of the Enterprise Resource Planning.

Department responsible:	Corporate Services Section
Status:	Request to close
Priority:	High
Target date:	Not applicable

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

412. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the nine recommendations listed as outstanding from prior periods, seven of which are shown in the annex as "partially implemented" and two as "not implemented". The information is set out in the order in which the recommendations are presented in the annex.

413. Table 22 summarizes the overall situation.

Table 22
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Corporate Services Section	17	—	16	1	1	—
Quality Assurance Section	1	—	—	1	1	—
Division of Regional Cooperation	8	—	8	—	—	—
Strategic Implementation Team	1	—	—	1	1	—
Total	**27**	**—**	**24**	**3**	**3**	**—**

414. **In paragraph 29 of the report of the Board of Auditors for the biennium ended 31 December 2005,[17] the Board recommended that UNEP continuously pursue its efforts to collect long-outstanding voluntary contributions receivable from contributing countries and bring to the attention of the Meeting of the Parties the need to write off long-outstanding receivables.**

[17] Ibid., *Sixty-first Session, Supplement No. 5F* (A/61/5/Add.6), chap. II.

415. The United Nations Controller has made it clear that the responsibility of write-off, in the case of MEAs administered by UNEP, is the responsibility of the parties to the MEAs and not UNEP — a position that the Board of Auditors has accepted. UNEP has addressed this repeated audit concern by consistently drawing the parties' attention to the auditors' recommendations and the relevant United Nations Accounting Standards. The Board of Auditors has applauded UNEP's efforts in this regard as noted in paragraphs 16, 69, 70 and 71 of the latest report. Parties to a number of MEAs, e.g., the Convention for Biological Diversity, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, as well as the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, are among those whose parties have adopted resolutions for the purpose of initiating measures to compel those parties that are in arrears on their contributions to speed up payment of those arrears. While UNEP will continue to monitor developments in this area, it strongly feels that the recommendation has been fully implemented and has served the intended purpose and should therefore be closed.

Department responsible:	Corporate Services Section
Status:	Request to close
Priority:	High
Target date:	Not applicable

416. In paragraph 35, the Board recommended that UNEP (a) strictly enforce the submission of travel claims within two calendar weeks after completion of travel and recover travel advances through payroll deductions in cases of failure to liquidate them within the prescribed period; and (b) limit travel cash advances to the amount prescribed in ST/AI/2000/20.

417. Several measures have been initiated by UNEP, through the United Nations Office at Nairobi, to ensure implementation of the above recommendation: (a) an automated travel claim voucher with a requirement to state the reasons for any delay in submitting the claim; (b) issuance of a bulletin to staff reminding them of the provisions of ST/AI/2000/20 and ST/AI/2006/4; (c) the United Nations Office at Nairobi, acting on behalf of UNEP, will write to the United Nations Secretariat to inform them of the present procedures and to request that the administrative instruction be revisited.

Department responsible:	Corporate Services Section to follow up with UNON
Status:	In progress
Priority:	High
Target date:	31 December 2008

418. **In paragraph 71, the Board recommended that the UNEP Regional Office for Europe prepare quarterly accomplishment reports in a manner that enabled them to be matched with the workplans, as well as provide programme assessment in line with existing regulations and rules.**

419. Since, starting in the biennium 2008-2009, reporting is now consistently integrated with the International Material Data System, this recommendation is no longer applicable.

Department responsible:	Division of Regional Cooperation
Status:	Request to close
Priority:	High
Target date:	Not applicable

420. **In paragraph 87, the Board recommended that UNEP comply with (a) note 2 (l) (ii) of the notes to the financial statements in relation to paragraph 50 of the United Nations system accounting standards (Revision VI), and (b) administrative instructions on the management of non-expendable property.**

421. Bar-coding of all non-expendable items at UNEP headquarters, including those in the UNEP Regional Office for Africa, was completed by 30 April 2008. A physical inventory was carried out and reconciled. This recommendation should now be closed.

Department responsible:	Division of Regional Cooperation
Status:	Request to close
Priority:	High
Target date:	Not applicable

422. **In paragraph 97, UNEP informed the Board that it (a) had carried out an in-depth course evaluation focusing on assessing the impact of the training on individual and organizational efficiency; and (b) would allocate funds for training in accordance with sections 4.1 and 4.2 of administrative instruction ST/AI/1997/4.**

423. Funds have been allocated for staff training in the Divisional budgets of each UNEP Division for 2008-2009. These budgets are broken down to the level of the Divisional Units.

Department responsible:	Division of Regional Cooperation
Status:	Request to close
Priority:	High
Target date:	Not applicable

424. **In paragraph 101, the Board recommended that UNEP ensure that e-PAS performance records were complete.**

425. The recommendation is now being followed by all UNEP offices, including the Regional Office for Asia and the Pacific.

Department responsible:	Division of Regional Cooperation

Status:	Request to close
Priority:	High
Target date:	Not applicable

426. **In paragraph 105, the Board recommended that the UNEP Regional Office for Asia and the Pacific coordinate with UNEP headquarters to facilitate its recruitment process.**

427. A process of reviewing the division-wide staffing table on a quarterly basis was established and implemented in the Division of Regional Cooperation in 2007 for the purpose of streamlining the recruitment process. All regional Offices, among them the Regional Office for Asia and the Pacific, were given access to the Galaxy system to allow them to directly carry out the initial stages of the evaluation during the recruitment process in order to speed up the process. This coordination process between the UNEP Regional Offices and the UNEP headquarters is working very well.

Department responsible:	Division of Regional Cooperation
Status:	Request to close
Priority:	High
Target date:	Not applicable

428. **In paragraph 110, the Board recommended that UNEP pursue initiatives to achieve the General Assembly's goal of 50/50 gender balance.**

429. The goal of 50/50 has not yet been achieved, overall, by UNEP. At the lower levels, up to P-3 in the Professional category, the ratio is higher in favour of female staff. However, at the higher levels, P-4 and above, the ratio of male staff is higher. The failure to achieve the goal of 50/50 is due to a number of reasons. One major impediment is that of reaching out to qualified women who are willing to take up posts, particularly in Nairobi, where UNEP headquarters is located. Other factors are involved, such as employment opportunities for partners. In its outreach, UNEP advertises in the women's networks (involved in sustainable environment and development activities) so as to reach as many women as possible. UNEP now has in its employment a Senior Gender Adviser, who apart from developing a gender strategy in UNEP sits on the three recruitment panels, i.e., the Central Review Committee; Central Review Board and Central Review Panel and with other panellists' reviews applications and shortlists. It is UNEP's intention that by reaching out to qualified women through networks it will be possible to target qualified professional women for the higher categories.

Department responsible:	Strategic Implementation Team
Status:	In progress
Priority:	High
Target date:	31 December 2009

430. **In paragraph 120, the Board recommended that UNEP (a) require implementing agencies and project managers to submit the reports required in section VII D of the UNEP project manual; and (b) ensure the timely submission of the self-evaluation fact sheets.**

431. In line with the overall change management effort, UNEP is currently reviewing its Project Manual in its entirety. The number and type of reports required from implementing agencies and project managers will be reviewed in the light of new business processes, as set out in the UNEP Accountability Framework, and in line with delegations of authority to division directors. The target date for revision of the Project Manual is December 2008.

Department responsible: Quality Assurance Section

Status: In progress

Priority: High

Target date: 31 December 2008

X. United Nations Population Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2007[18]

432. Tables 23 and 24 summarize the status of implementation of recommendations as at August 2008.

Table 23
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division for Management Services	5	1	2	2	2	—
Division for Oversight Services	2	—	-	2	2	—
Executive Coordinator for National Execution	3	—	1	2	2	—
Total	**10**	**1**	**3**	**6**	**6**	**—**

[18] Ibid., *Sixty-third Session, Supplement No. 5G* (A/63/5/Add.7), chap. II.

Table 24
Status of implementation of all recommendations

Department responsible	*Number of recommendation*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Country Office	1	—	1	—	—	—
Division for Human Resources	9	—	5	4	4	—
Division for Oversight Services	4	—	—	4	4	—
Division for Management Resources	34	2	24	8	8	—
Executive Coordinator for National Execution	5	—	1	4	4	—
Office of the Executive Director	1	—	1	—	—	—
Programme Division	5	—	—	5	5	—
Regional Offices	1	—	—	1	1	—
Total	**60**	**2**	**32**	**26**	**26**	—

433. **In paragraph 26, the Board recommended that UNFPA clear all long-outstanding amounts (debits and credits) from staff education grants and regularly reconcile the account to comply with paragraph 11 of ST/IC/2002/5.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

434. **In paragraph 29, the Board recommended that UNFPA adopt and apply a policy to assess the recoverability of long-outstanding debts.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

435. **In paragraph 43, the Board recommended that UNFPA develop a financing plan for the unfunded portion of end-of-service liabilities.**

Department responsible: Division for Management Services

Status: Implemented

Priority: High

Target date: Not applicable

436. **In paragraph 47, the Board recommended that UNFPA implement project risk-management methods to mitigate the risks arising from the implementation of IPSAS throughout the life of the project.**

Department responsible:	Division for Management Services
Status:	Not implemented
Priority:	High
Target date:	31 December 2008

437. **In paragraph 54, the Board recommended that UNFPA include indicators that are specific and measurable in its strategic results framework.**

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	31 March 2009

438. **In paragraph 59, the Board recommended that UNFPA ensure that all outcome indicators have baseline data and to set specific targets for future periods.**

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	30 September 2009

439. **In paragraph 67, the Board recommended that UNFPA ensure that all reporting entities complete and submit annual reports by the deadline so that information to be reported in the multi-year funding framework cumulative report can be verified and compiled.**

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	31 December 2009

440. **In paragraph 72, the Board recommended that UNFPA implement processes to ensure that information reported by country offices is verified and supported by documentation.**

Department responsible:	Programme Division
Status:	In progress

Priority: Medium

Target date: 31 December 2009

441. **In paragraph 75, the Board recommended that UNFPA resolve the long-outstanding transactions in the clearing account in the general ledger.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

442. **In paragraph 79, the Board recommended that UNFPA monitor and write back all long-outstanding cheques.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

443. **In paragraph 84, the Board recommended that UNFPA reconcile and review the country office bank accounts.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

444. **In paragraph 88, the Board recommended that UNFPA ensure that country offices implement adequate controls over petty cash to comply with the petty cash management guidelines.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

445. **In paragraph 93, the Board recommended that UNFPA identify the facts surrounding the highlighted procurement action and that steps be taken to address shortcomings in the bidding processes.**

Department responsible: Country office

Status: Implemented

Priority: Medium

Target date: Not applicable

446. **In paragraph 99, the Board recommended that UNFPA appropriately record all assets that the organization has title to in the fixed asset register as required by policies and procedures.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

447. **In paragraph 102, the Board recommended that UNFPA dispose of all assets authorized for disposal and adjust the asset register accordingly.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

448. **In paragraph 106, the Board recommended that UNFPA review the fixed asset register regularly and maintain evidence of this review.**

449. The sentence in paragraph 104 stating that "Atlas omits all assets" is not correct. The missing assets in the Atlas register were due to a human error, which has been rectified (see para. 107).

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

450. **In paragraph 115, the Board recommended that UNFPA capitalize the value of Global Contraceptive Commodity Programme stocks in its financial statements.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: 31 March 2009

451. **In paragraph 120, the Board recommended that UNFPA prepare and send Global Contraceptive Commodity Programme stock reports to headquarters on a monthly basis.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: 31 December 2008

452. **In paragraph 126, the Board recommended that UNFPA perform annual stock-checking as prescribed in the UNFPA procurement procedures.**

Department responsible: Division for Management Services

Status: In progress

Priority: Medium

Target date: 31 December 2008

453. **In paragraph 133, the Board recommended that UNFPA enforce the time frames set out in the performance appraisal development guidebook.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

454. **In paragraph 140, the Board recommended that UNFPA improve the recording of attendance and leave.**

Department responsible: Division for Human Resources

Status: In progress

Priority: Medium

Target date: 31 December 2008

455. **In paragraph 145, the Board recommended that UNFPA ensure that country offices maintain accurate and complete leave records.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

456. **In paragraph 146, the Board recommended that UNFPA require its common services provider (UNDP) to provide detailed leave accrual reports that are reconciled with the leave provision in the financial statements.**

Department responsible: Division for Human Resources

Status: In progress

Priority: Medium

Target date: 31 December 2008

457. **In paragraph 154, the Board recommended that UNFPA (a) address and shorten the lead time for filling vacancies; and (b) finalize its succession planning framework.**

Department responsible: Division for Human Resources

Status: In progress

Priority: Medium

Target date: 31 December 2008

458. **In paragraph 164, the Board recommended that UNFPA (a) investigate the concerns raised about biennial support budget posts (administration function) being funded from project funds and take corrective action where necessary; and (b) incorporate during the budget process the principle that such posts should be funded only from biennial support budget funds.**

Department responsible: Division for Management Services

Status: In progress

Priority: High

Target date: 30 September 2008

459. **In paragraph 167, the Board recommended that UNFPA consider identifying methods to allocate costs and time spent, which could be divided between biennial support budget and project activities.**

460. Under our current budget methodology, a post is either entirely biennial support budget-funded or entirely project-funded. There cannot be a post that is partially funded out of biennial support budget and partially out of projects, hence UNFPA does not accept the recommendation of allocating time and costs of specific posts between different sources of funding. UNFPA also wishes to stress that for project posts funded from non-core funds, UNFPA has a method to recover indirect costs to the biennial support budget of the management and administration of those posts which is credited to the biennial support budget.

Department responsible: Division for Management Services

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

461. **In paragraph 174, the Board recommended that UNFPA (a) investigate the circumstances of the extended period of special service agreement contracts; and (b) adhere to the special service agreement guidelines in respect of contract duration.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

462. **In paragraph 176, the Board recommended that UNFPA clearly document the selection process followed in the hiring of consultants under special service agreements in order to ensure consistency and transparency.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

463. **In paragraph 182, the Board recommended that UNFPA implement procedures to improve the rate of submission of semi-annual reports on special service agreements and service contracts to headquarters to comply with the provisions set out in the guidelines.**

Department responsible: Division for Human Resources

Status: In progress

Priority: Medium

Target date: 31 January 2009

464. **In paragraph 186, the Board recommended that UNFPA implement a formal disaster recovery plan.**

Department responsible: Regional offices

Status: In progress

Priority: Medium

Target date: 31 December 2009

465. **In paragraph 201, the Board recommended that UNFPA (a) categorize qualified audit opinions such as "except for", "disclaimer" or "emphasis of**

matter", in the database to ensure that the significance and impact of the qualifications are noted; (b) ensure that audit reports are captured correctly on the database; and (c) clarify the terms of reference for project auditors, including the exact coverage of project expenditure and the basis for expressing audit opinions.

466. With regard to (a), UNFPA informed the Board that entries in the database are made at its country offices and that the country offices do not currently have the capacity or expertise to categorize qualified audit opinions. Furthermore, UNFPA is not currently in a position to set up a mechanism that would allow such categorization to take place at the regional or global level. Hence, this part of the recommendation is not accepted. UNFPA will look into the matter in connection with a revision of the risk model and will consider capacity-building in this area at that time.

Department responsible:	Executive Coordinator for National Execution
Status:	(a) Not accepted; (b) and (c) in progress
Priority:	High
Target date:	(a) Not applicable; (b) 31 December 2008 and (c) 31 October 2008

467. In paragraph 202, the Board recommended that UNFPA apply methods to improve the submission rate of nationally executed expenditure project audit reports.

Department responsible:	Executive Coordinator for National Execution
Status:	Implemented
Priority:	High
Target date:	Not applicable

468. **In paragraph 203, the Board recommended that UNFPA urgently address, through its operational and management processes, the matter of qualified nationally executed expenditure audit reports.**

Department responsible:	Executive Coordinator for National Execution
Status:	In progress
Priority:	High
Target date:	31 December 2008

469. **In paragraph 208, the Board recommended that UNFPA (a) ensure that consideration is given to independence, affiliation with professional bodies and compliance with International Standards of Auditing when selecting auditors; and (b) ensure that its auditors issue engagement letters before audit work is performed.**

Department responsible: Division for Oversight Services

Status: In progress

Priority: High

Target date: 31 October 2008

470. **In paragraph 221, the Board recommended that all country offices submit the nationally executed expenditure audit reports by 31 March following year's end; and (b) financial forms be individually certified by the nationally executed expenditure auditors.**

471. UNFPA wishes to clarify that original audit reports are required and those are received via regular mail and not e-mail as stated in paragraph 217.

Department responsible: Executive Coordinator for National Execution

Status: In progress

Priority: Medium

Target date: (a) 31 March 2009; (b) 31 October 2008

472. **In paragraph 223, the Board recommended that UNFPA (a) implement controls to ensure that information is accurately recorded and is complete on both the report submission log and on the nationally executed expenditure projects database; and (b) include a measurable indicator in the "balanced scorecard" for each country office to assess progress in submission of nationally executed expenditure audit reports.**

Department responsible: (a) Executive Coordinator for National Execution; (b) Programme Division

Status: In progress

Priority: Medium

Target date: (a) 31 March 2009; (b) 31 December 2009

473. **In paragraph 229, the Board recommended that UNFPA ensure that all country offices complete and submit their audit plans before the deadline; and (b) review the database to ensure that all audit plans are complete.**

Department responsible: Division for Oversight Services

Status: In progress

Priority: Medium

Target date: 31 December 2008

474. **In paragraph 233, the Board recommended that the Division for Oversight Services extend its review of projects to be audited to ensure that projects are audited at least once in their lifetime, as required by the terms of reference.**

475. UNFPA wishes to clarify that this recommendation is for UNFPA not the Division for Oversight Services. Also, the reference should be to the Finance Manual, not the terms of reference.

Department responsible: Division for Oversight Services

Status: In progress

Priority: Medium

Target date: 31 December 2008

476. **In paragraph 245, the Board recommended that UNFPA investigate all discrepancies between certificates of expenditure, audit reports, Atlas and the nationally executed expenditure database.**

477. A process will be put in place to ensure systematic follow-up of significant discrepancies between certificates of expenditure, Atlas reports, and the nationally executed expenditure database.

Department responsible: Programme Division

Status: In progress

Priority: Medium

Target date: 31 December 2009

478. **In paragraph 258, the Board recommended that UNFPA take steps to follow up the differences noted between the advances outstanding according to the audit reports and the general ledger and implement measures and controls in all country offices and at headquarters to reconcile advances and expenditure per project on a regular basis.**

Department responsible: Division for Management Services

Status: Implemented

Priority: High

Target date: Not applicable

479. **In paragraph 259, the Board recommended that UNFPA (a) take steps to follow up on long-outstanding operating fund advances and to ensure that funds advanced are utilized for their intended purposes; and (b) ensure that the ageing schedule of operating fund advances is accurate.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

480. **In paragraph 274, the Board recommended that UNFPA (a) ensure that divisions and offices submit travel requests in accordance with the duty travel policy and justify all late travel requests with written explanations; (b) enforce the requirement that trip reports and F-10 travel claims be submitted within the approved time frame after completion of duty travel; (c) ensure that divisions and offices take responsibility and accountability for the monitoring and control of their staff members' duty travel; and (d) perform a review of all outstanding trip reports and travel claims to ensure that all advances are cleared and possible overpayments recovered.**

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

481. **In paragraph 280, the Board recommended that UNFPA (a) liaise with UNDP to ensure that the process of cost recovery occurs on a monthly basis; and (b) provide for cost recovery expenditure in the biennial support budget.**

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

482. **In paragraph 285, the Board recommended that UNFPA ensure that country offices compile and sign the memorandum of understanding at the commencement of the agreement period.**

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Ongoing

483. **In paragraph 290, the Board recommended that UNFPA ensure that the country offices improve the system of control over the reconciliation of bank balances with the responsible UNDP unit as part of a service-level agreement.**

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	31 December 2008

484. **In paragraph 297, the Board recommended that UNFPA (a) account for only the portion that relates to its cost-recovery fees as income; (b) account for**

the portion of the advance payment that is not fully utilized as a liability; and (c) derecognize the expenditure incurred for third-party procurement as part of its own expenditure.

485. UNFPA disagrees with this recommendation. UNFPA is not acting as an agent when it procures commodities on behalf of other developmental partners. Procurement is one part of a programme that encompasses commodity security, technical assistance, delivery and logistics. Hence, third-party procurement is an important part of the UNFPA mandate and should therefore be fully captured both as income and expenditure. Work is ongoing in the IPSAS Task Force Team on how to capture such income under IPSAS. UNFPA will adjust, as necessary, its accounting practice with the recommendations made by the IPSAS Task Force Team.

Department responsible: Division for Management Services

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

486. **In paragraph 304, the Board recommended that UNFPA (a) develop a system to integrate the commitment control and the general ledger modules in Atlas to allow for updated reports on third-party balances to be easily generated; and (b) implement processes to regularly reconcile, review and monitor fund code balances to ensure accuracy and completeness.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

487. **In paragraph 305, the Board recommended that UNFPA follow an approach consistent with that used in procurement for other United Nations agencies that require advance payments to be made.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

488. **In paragraph 316, the Board recommended that UNFPA review open purchase orders regularly and close them in time to reduce the purchase order clearing exercise at year's end and that it provide more accurate procurement and expenditure reporting during the year.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

489. **In paragraph 321, the Board recommended that UNFPA (a) comply with the procurement guidelines regarding post facto approvals; and (b) implement controls to limit the waiver of competitive bidding.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

490. **In paragraph 331, the Board recommended that UNFPA ensure that open purchase orders for which goods have been received are paid within the stipulated credit terms.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

491. **In paragraph 336, the Board recommended that UNFPA advise suppliers and requisitioners of the importance of using the online tracking system effectively in monitoring the status of order lead times and the quality of the goods delivered and in evaluating suppliers.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

492. **In paragraph 344, the Board recommended that UNFPA implement mechanisms and controls to ensure that appropriate procurement plans are submitted by all country offices, in accordance with the procurement manual as well as financial regulations.**

Department responsible: Division for Management Services

Status: In progress

Priority: Medium

Target date: Ongoing

493. **In paragraph 348, the Board recommended that UNFPA ensure that headquarters units and country offices phase their requirements throughout the year to avoid a large volume of work at year's end.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

494. **In paragraph 355, the Board recommended that UNFPA (a) monitor physical receipt checkboxes in Atlas on receipt of goods and follow up on the non-receipt of receiving and inspection reports not received; and (b) create awareness in country offices of the importance of submitting receiving and inspection reports on a timely basis.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

495. **In paragraph 359, the Board recommended that UNFPA (a) evaluate suppliers on an ongoing basis in accordance with section A.11.10, entitled "Vendor management", of the UNFPA Policies and Procurement Manual; and (b) ensure that the supplier performance evaluation system is made operational.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

496. **In paragraph 364, the Board recommended that UNFPA finalize and approve the procurement environmental policy.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

497. **In paragraph 367, the Board recommended that UNFPA enter into long-term agreements with the supplier prior to purchasing goods.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: Not applicable

498. **In paragraph 371, the Board recommended that UNFPA ensure that the Division for Oversight Services increase coverage of headquarters and financial statements matters.**

499. The Internal Audit Branch of the Division for Oversight Services is guided by the Institute of Internal Auditors standard 2120.A.1 that states that based on the results of the risk assessment, the internal audit activity should evaluate the adequacy and effectiveness of controls encompassing the organization's governance, operations and information systems. The Internal Audit Branch will pursue its efforts to review financial functions and modalities through its engagements, including those at headquarters. Future audit plans will continue to cover headquarters entities.

500. With reference to paragraph 370, UNFPA wishes to clarify that one audit was done at headquarters during the 2006-2007 biennium.

Department responsible: Division for Oversight Services

Status: In progress

Priority: High

Target date: 31 December 2008

501. **In paragraph 397, the Board recommended that UNFPA address the internal audit findings.**

Department responsible: Office of Executive Director

Status: Implemented

Priority: Medium

Target date: Not applicable

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

502. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 22 recommendations listed as outstanding from prior periods, 22 of which are shown as "partially implemented" and 0 as "not implemented" in the annex. The information is set out in the order in which the recommendations are presented in the annex.

503. Table 25 summarizes the overall situation.

Table 25
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division for Management Services (DMS)	9	—	8	1	1	—
Division for Oversight Services (DOS)	3	—	3	—	—	—
All country offices	3	—	3	—	—	—
IERD	1	—	—	1	1	—
Geographic Divisions	1	—	1	—	—	—
Division for Human Resources (DHR)	5	—	4	1	1	—
Total	**22**	**—**	**19**	**3**	**3**	**—**

504. **In paragraph 29 of the report of the Board of Auditors for the biennium ended 31 December 2005,[19] the Board recommended that UNFPA investigate the discrepancy of $0.48 million between the records of UNFPA and UNDP.**

Department responsible: Division for Management Services

Status: Implemented

Priority: High

Target date: Not applicable

505. **In paragraph 40, the Board recommended that UNFPA continue efforts to address the relevant recommendations made with regard to Atlas controls.**

Department responsible: Division for Management Services

Status: Implemented

Priority: High

Target date: Not applicable

506. **In paragraph 51, the Board recommended that UNFPA continue to clear funds advanced to implementing partners in a timely manner.**

Department responsible: Division for Management Services

Status: Implemented

[19] Ibid., *Sixty-first Session, Supplement No. 5G* (A/61/5/Add.7), chap. II.

Priority: Medium

Target date: Not applicable

507. **In paragraph 59, the Board recommended that UNFPA analyse the qualified, adverse and disclaimed audit opinions received from locally appointed project auditors and disclose in the notes to the financial statements the effect of such qualifications in order to provide information about the potential amount of funds not spent appropriately as reported by the project auditors of nationally executed expenditure.**

Department responsible: Division for Management Services/Division for Oversight Services

Status: Implemented

Priority: High

Target date: Not applicable

508. **In paragraph 62, the Board recommended that UNFPA maintain its project audit database with complete information on the appointing authority for project auditors.**

Department responsible: Division for Oversight Services

Status: Implemented

Priority: Low

Target date: Not applicable

509. **In paragraph 68, the Board recommended that UNFPA update and circulate the Policies and Procedures Financial Manual to reflect the revised terms of reference in terms of the changes in the resource transfer modality framework. The Board further reiterated its recommendation that UNFPA ensure that the scope of project audits is consistent.**

Department responsible: Division for Management Services/Division for Oversight Services

Status: Implemented

Priority: Medium

Target date: Not applicable

510. **In paragraph 81, the Board recommended that UNFPA continue to maintain its database with complete information in respect of project audit costs.**

Department responsible: Division for Oversight Services

Status: Implemented

Priority: Low

Target date: Not applicable

511. **In paragraph 94, the Board recommended that UNFPA review purchase orders that are open for long periods and to close all purchase orders as soon as the goods/services had been received.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: 31 December 2006

512. **In paragraph 100, the Board recommended that UNFPA monitor "physical receipt" checkboxes in Atlas that are not ticked, as well as follow up on receipt and inspection reports not received.**

Department responsible: Division for Management Services

Status: Implemented

Priority: Medium

Target date: 31 December 2006

513. **In paragraph 105, the Board recommended that UNFPA (a) reinforce the adherence to the procurement procedures for all country offices; and (b) update Atlas with the requisitions and purchase orders that had not yet been recorded.**

Department responsible: All country offices

Status: Implemented

Priority: High

Target date: 31 December 2006

514. **In paragraph 118, the Board recommended that country offices provide the Procurement Services Section with detailed annual procurement plans in order to facilitate even distribution of acquisitions throughout the year.**

Department responsible: All country offices

Status: Implemented

Priority: Medium

Target date: 15 May 2008

515. **In paragraph 120, the Board recommended that UNFPA review environmental concerns and assess ways in which the procurement function**

could be aligned with an environmental management strategy, in consultation with other United Nations agencies.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Low
Target date:	Not applicable

516. **In paragraph 132, the Board recommended that UNFPA monitor the issuing of progress reports to donors for projects, as required by the donor agreements.**

517. UNFPA has decided to implement an online tracking system for donor reports the development of which has taken longer than anticipated. The system is being pilot tested by some country offices and is expected to be rolled out to all country offices before the end of 2008.

Department responsible:	Information and Executive Board Resource Mobilization Division
Status:	In progress
Priority:	High
Target date:	31 December 2008

518. **In paragraph 144, the Board recommended that UNFPA improve audit coverage on the reliability of the accounting and other data leading to the production of financial statements.**

Department responsible:	Division for Oversight Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

519. **In paragraph 150, the Board recommended that UNFPA follow up systematically on the implementation of internal audit recommendations.**

Department responsible:	Geographic Divisions
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

520. **In paragraph 156, the Board recommended that UNFPA strengthen its efforts to formulate and implement a succession planning framework in order to reduce lead times for filling vacancies.**

521. An approach was taken to prioritize and define various elements of the succession planning framework. A number of the elements are already operational, such as: recruitment drives; rosters for key positions; use of the web-based e-Recruit system; the managed rotation exercise that is launched a year in advance to allow for adequate planning and smooth reassignment of staff, including filling anticipated "vacancies" due to retirement. The overall succession planning framework is scheduled to be completed by December 2008. Delays in completion are due to the longer than anticipated time needed to develop the framework and the need for the Division for Human Resources to dedicate its resources to advance planning for organizational restructuring.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	High
Target date:	31 December 2008

522. **In paragraph 164, the Board recommended that UNFPA in connection with staff on special service agreements: (a) submit evaluation reports in a timely manner; (b) forward such reports to the hiring unit; and (c) remind requesting units to submit attendance records and evaluation reports prior to processing payments.**

Department responsible:	Division for Human Resources/country offices
Status:	Implemented
Priority:	High
Target date:	Not applicable

523. **In paragraph 169, the Board recommended that UNFPA ensure that all country offices with special service agreements in service compile and submit semi-annual reports to headquarters.**

Department responsible:	All country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

524. **In paragraph 174, the Board recommended that UNFPA adhere to the time frames set out in the performance appraisal and development guidebook.**

Department responsible:	Division for Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

525. **In paragraph 177, the Board recommended that UNFPA enhance staff training on Atlas.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

526. **In paragraph 188, the Board recommended that UNFPA improve controls in respect of the leave administration process by formalizing standard leave practices across the organization.**

Department responsible: Division for Human Resources

Status: Implemented

Priority: High

Target date: Not applicable

527. **In paragraph 192, the Board recommended that UNFPA take measures to ensure that the leave administration systems provide accurate data in order to determine an appropriate contingency for the leave liability.**

528. The implementation of this recommendation is not delayed. From the outset this recommendation was planned to be implemented with the introduction of IPSAS in 2010.

Department responsible: Division for Management Services

Status: In progress

Priority: Low

Target date: 1 January 2010

XI. United Nations Human Settlements Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[20]

529. Tables 26 and 27 below summarize the status of implementation of recommendations as at August 2008.

Table 26
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Programme Support Division	2	—	—	2	1	1
Programme Support Division/United Nations Office at Nairobi	3	—	—	3	2	1
Office of the Executive Director	—	—	—	—	—	—
Regional Office for Asia and the Pacific	—	—	—	—	—	—
Total	**5**	**—**	**—**	**5**	**3**	**2**

Table 27
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Programme Support Division	4	1	—	3	2	1
Programme Support Division/United Nations Office at Nairobi	4	—	—	4	3	1
Office of the Executive Director	2	—	—	2	—	2
Regional Office for Asia and the Pacific	6	—	1	5	5	—
Total	**16**	**1**	**1**	**14**	**10**	**4**

530. **In paragraph 34, the Board recommended that UN-Habitat regularly monitor its level of liquidity in order to eliminate any potential for delay in the implementation of the projects.**

531. UN-Habitat rejects this recommendation. The surplus in cash and the liquidity levels is a result of the increased number of donors providing their funding upfront (one contribution) for multi-year activities and donor contributions being received towards the end of the year for activities scheduled for the next year, and is not an

[20] Ibid., *Sixty-third Session, Supplement No. 5H* (A/63/5/Add.8), chap. II.

indication of delays in project execution. The implementation of 74 per cent is in line with normal delivery (see table below).

Implementation rate	*Allotment*	*Expenditure*	*Percentage*
Foundation	77 363	61 770	80
Technical cooperation	161 719	107 593	67
Overall	239 082	169 363	71
Regular budget	28 000	28 000	100
Consolidated	**267 082**	**197 363**	**74**

532. Furthermore, UN-Habitat monitors its level of liquidity on a regular basis by reviewing monthly cash flow statements and thus already had in place the practice recommended by the Board of Auditors.

Department responsible: Programme Support Division

Status: Not accepted

Priority: Not applicable

Target date: Not applicable

533. **In paragraph 45, the Board recommended that UN-Habitat set up specific funding for end-of-service and after-service health insurance liabilities.**

534. The General Assembly by its resolution 61/264 decided to revert to the question of the funding for after-service health insurance for the United Nations at its sixty-third session. Accordingly, the report of the Secretary-General on, inter alia, the proposed funding strategy for the United Nations will be submitted to the General Assembly at its sixty-third session. It is Habitat's intention to take appropriate action on funding of its after-service health insurance liabilities, consistent with the decisions to be made by the General Assembly in respect of funding those liabilities for the United Nations, once they have been made.

Department responsible: Programme Support Division

Status: Ongoing

Priority: High

Target date: Implementation is dependent on decisions by the General Assembly

535. **In paragraph 51, the Board recommended that UN-Habitat disclose in its financial statements its resources from the United Nations regular budget and the related expenditure.**

536. UN-Habitat will consult with the United Nations Secretariat to ensure consistency.

Department responsible:	Programme Support Division and United Nations Office at Nairobi
Status:	Ongoing
Priority:	High
Target date:	December 2008

537. **In paragraph 56, the Board recommended that UN-Habitat establish, in conjunction with the United Nations Environment Programme and the United Nations Office at Nairobi, a working group for implementation of both the IPSAS and the enterprise resource planning system implementations.**

538. UN-Habitat accepts the recommendation. UN-Habitat has already established a team to ensure coordination with the United Nations Office at Nairobi and UNEP in readiness for IPSAS implementation. UN-Habitat is also in the process of recruiting professional staff responsible for IPSAS and the enterprise resource planning.

Department responsible:	Programme Support Division
Status:	Ongoing
Priority:	High
Target date:	December 2008

539. **In paragraph 61, the Board recommended that UN-Habitat justify the amounts relating to non-expendable property and reconcile these amounts with the values provided by the physical inventories.**

540. United Nations Office at Nairobi, the custodian of UN-Habitat accounts and inventory, completed in July 2008 the headquarters physical inventory and the reconciliation between the values provided by the inventory and the amounts of non-expendable property. The same exercise is ongoing for the reconciliation of inventories held at outposted offices.

Department responsible:	Programme Support Division and United Nations Office at Nairobi
Status:	Ongoing
Priority:	Urgent
Target date:	December 2008

541. **In paragraph 65, the Board recommended that UN-Habitat continue to improve gender balance among its Professional staff.**

Department responsible:	Office of the Executive Director
Status:	Ongoing

Priority: Normal

Target date: Ongoing

542. **In paragraph 67, the Board recommended that UN-Habitat make every reasonable effort to increase the geographical diversity among the Professional staff, in line with Article 101 of the Charter of the United Nations.**

Department responsible: Office of the Executive Director

Status: Ongoing

Priority: Normal

Target date: Ongoing

543. **In paragraph 70, the Board recommended that UN-Habitat complete its personnel files by systematically including records of qualifications and annual performance evaluation forms for its entire staff.**

Department responsible: Programme Support Division and United Nations Office at Nairobi

Status: Ongoing

Priority: Normal

Target date: December 2008

544. **In paragraph 73, the Board recommended that UN-Habitat cooperate with the United Nations Office at Nairobi to establish an annual training plan for its own staff.**

Department responsible: Programme Support Division

Status: Ongoing

Priority: Normal

Target date: December 2008

545. **In paragraph 78, the Board recommended that UN-Habitat comply with the applicable regulation relative to consultants and service contracts.**

Department responsible: Regional Office for Asia and the Pacific

Status: Ongoing

Priority: Normal

Target date: January 2009

546. **In paragraph 80, the Board recommended that the UN-Habitat regional offices issue all the performance evaluations in respect of consultant and service contracts.**

Department responsible:	Regional Office for Asia and the Pacific
Status:	Ongoing
Priority:	Normal
Target date:	December 2008

547. **In paragraph 87, the Board recommended that UN-Habitat consider options for reducing to a minimum manual processing in the course of preparing the financial statements.**

Department responsible:	Programme Support Division and United Nations Office at Nairobi
Status:	Ongoing
Priority:	High
Target date:	Ongoing

548. **In paragraph 90, the Board recommended that the UN-Habitat Regional Office for Asia and the Pacific identify and implement new projects in the countries where UN-Habitat is not permanently involved.**

Department responsible:	Regional Office for Asia and the Pacific
Status:	Ongoing
Priority:	Normal
Target date:	December 2008

549. **In paragraph 95, the Board recommended that the UN-Habitat Regional Office for Asia and the Pacific continue to improve project preparation in order to identify potential implementation difficulties as accurately as possible and determine suitable implementation deadlines.**

Department responsible:	Regional Office for Asia and the Pacific
Status:	Ongoing
Priority:	Normal
Target date:	December 2008

550. **In paragraph 98, the Board recommended that the UN-Habitat Regional Office for Asia and the Pacific submit operational monitoring reports according to the frequency set out in the project funding agreements.**

Department responsible:	Regional Office for Asia and the Pacific
Status:	Ongoing

Priority: Normal

Target date: December 2008

551. **In paragraph 104, the Board recommended that UN-Habitat (a) conclude the $7 million project in Afghanistan and (b) adopt necessary measures to ensure that all funding is used in conformity with the aims of the relevant projects and the intention of donors.**

552. The umbrella project was audited by a Consultant. The report concluded that the charges to the umbrella Project were in line with the goal and objectives of the respective projects as reported to the donors. Further, UN-Habitat created a new umbrella project with proper guidelines and is in the process of including them as part of the new operations manual being developed.

Department responsible: Regional Office for Asia and the Pacific

Status: Implemented

Priority: Normal

Target date: Not applicable

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

553. In the annex to its report for the financial period ended 31 December 2007 (A/63/5/Add.8), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the four recommendations listed in the annex as outstanding from prior periods, three of which are shown as "partially implemented" and one as "not implemented". The information is set out in the order in which the recommendations are presented in the annex.

554. The following table summarizes the overall situation.

Table 28
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
UN-Habitat	1	1	—	—	—	—
Programme Support Division	3	—	2	1	—	1
Total	**4**	**1**	**2**	**1**	—	**1**

555. **In paragraph 25 of the report of the Board of Auditors for the biennium ended 31 December 2005,[21] the Board recommended that UN-Habitat conduct**

[21] Ibid., *Sixty-first Session, Supplement No. 5H* (A/61/5/Add.8), chap. II.

an inventory of expendable items as at the end of the biennium and account for as well as disclose them pursuant to paragraph 49 (iv) of the United Nations system accounting standards.

556. UN-Habitat did not accept this recommendation. The inventory of expendable items is considered immaterial and thus a disclosure in the financial statements is not warranted. This is a practice of any United Nations Secretariat organization and is considered in line with paragraph 49 (iv) of the United Nations system accounting standards.

Department responsible:	UN-Habitat
Status:	Not accepted
Priority:	Not applicable
Target date:	Not applicable

557. **In paragraph 49, the Board recommended that the activities mentioned in UN-Habitat reports on the management of its projects refer to the time frame indicated in the approved workplans and that any delays be quantified and indicated in the report.**

558. This recommendation was implemented by UN-Habitat. Implementing and funding partners are kept informed of implementation delays and their impact on the projects as part of the regular tripartite review meetings and in steering committees. The progress report gives details of all delays and constraints.

Department responsible:	Programme Support Division
Status:	Implemented
Priority:	Normal
Target date:	Not applicable

559. **In paragraph 57, the Board recommended that the Administration coordinate with the United Nations Office at Nairobi to review the receivables due and request prompt payment from UNDP.**

560. This recommendation was implemented by UN-Habitat, which recovered the full amount of the receivables from UNDP in January 2008.

Department responsible:	Programme Support Division
Status:	Implemented
Priority:	Normal
Target date:	Not applicable

561. **In paragraph 98, the Board recommended that UN-Habitat, in conjunction with the United Nations Office at Nairobi, coordinate with the United Nations Secretariat in respect of the need for IMIS enhancement to prevent over-obligation or overexpenditure in technical cooperation projects**

and to reflect the actual financial status of projects in the IMIS-generated project status reports.

562. The United Nations is investing in a new enterprise resource planning system. It is not cost-effective to develop the proposed IMIS enhancement. The new system is expected to accommodate the proposed features.

Department responsible: Programme Support Division

Status: Ongoing

Priority: Normal

Target date: Not applicable

XII. United Nations Office on Drugs and Crime: Fund of the United Nations International Drug Control Programme and Fund of the United Nations Crime Prevention and Criminal Justice Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[22]

563. Tables 29 and 30 below summarize the status of implementation of recommendations as at August 2008.

Table 29
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
UNODC/Department of Management (United Nations Headquarters)	1	—	—	1	1	—
Division for Management	5	1	1	3	3	—
Division for Operations	2	—	—	2	2	—
Total	**8**	**1**	**1**	**6**	**6**	**—**

[22] Ibid., *Sixty-third Session, Supplement No. 5J* (A/63/5/Add.9), chap. II.

Table 30
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
UNODC/Department of Management (United Nations Headquarters)	1	—	—	1	—	1
Division for Management	15	1	5	9	8	1
Division for Operations	3	—	—	3	3	—
Total	**19**	**1**	**5**	**13**	**11**	**2**

564. **In paragraph 14, UNODC agreed with the Board's reiterated recommendation to reflect income not on the basis of the amount of the contributions but in accordance with United Nations system accounting standards.**

565. UNODC has revised its policy on income recognition for the United Nations International Drug Control Programme Fund from cash basis to accrual basis (consistent with the United Nations Secretariat policy governing general trust funds (and the Crime Prevention and Criminal Justice Fund)). For both UNODC Funds, income deferral is contingent upon the fiscal year of the contribution and not its size.

Division responsible: Division for Management

Status: Implemented

Priority: High

Target date: Not applicable

566. **In paragraph 33, UNODC agreed with the Board's recommendation to continue to strengthen the checks put in place to ensure that field offices strictly respect the Financial Regulations and Rules of the United Nations.**

Division responsible: Division for Management

Status: In progress

Priority: High

Target date: December 2008

567. **In paragraph 37, the Board recommended that the Secretary-General make proposals to the General Assembly to improve the budgetary structure of UNODC.**

568. UNODC welcomes this recommendation and will consult with the Office of Programme Planning, Budget and Accounts at United Nations Headquarters during its implementation.

Division responsible:	UNODC/Department of Management
Status:	In progress
Priority:	High
Target date:	December 2009

569. **In paragraph 40, UNODC agreed with the Board's recommendation that its Financial Resources Management Services carry out an internal audit to place a value on contributions made in kind before they are integrated into the financial statements.**

570. UNODC will review the procedures set forth in the management instructions on fund-raising policy and procedures and the applications used for the recording of contributions in kind. Additional controls within the Financial Resources Management Service of the Division for Management will be implemented in accordance with policies and methodologies established by the Office of Programme Planning, Budget and Accounts regarding asset valuation. UNODC will also seek advice from the Office of Internal Oversight Services regarding internal audit.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	March 2009

571. **In paragraph 46, UNODC agreed with the Board's recommendation to specify in the mandates entrusted to external auditors that the audit of expenditure by implementing partners also include a review of unliquidated obligations at the period closure date.**

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	March 2009

572. **In paragraph 49, the Board recommended that UNODC, in conjunction with the United Nations Office at Vienna, determine the allocation of common staff costs between them and disclose the assumptions made for that allocation.**

573. The United Nations Office at Vienna/UNODC Division for Management provides services to programmes and offices of the Secretariat based in Vienna. As a common service, the United Nations Office at Vienna/UNODC Division for Management is governed by the same cost allocation policies that are applied by other United Nations offices. The Secretariat does not currently determine and attribute common service costs to individual client programmes and, as acknowledged by the Board, there is currently no cost accounting system in place. Therefore, the recommendation is not accepted.

Division responsible:	Division for Management
Status:	Not accepted
Priority:	Not applicable
Target date:	Not applicable

574. **In paragraph 52, UNODC agreed with the Board's recommendation to put the Treasury Department in New York and field offices in contact in order to update the information relating to bank accounts.**

Division responsible:	Division for Management
Status:	Implemented
Priority:	Medium
Target date:	Implementation is of an ongoing nature

575. **In paragraph 54, UNODC agreed with the Board's recommendation to take appropriate measures to ensure that bank reconciliations are prepared, reviewed and approved on a monthly basis.**

Division responsible:	Division for Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

576. **In paragraph 59, UNODC agreed with the Board's recommendation to strictly comply with rule 104.4 of the Financial Regulations and Rules of the United Nations regarding the opening of bank accounts.**

Division responsible:	Division for Management
Status:	Implemented
Priority:	Medium
Target date:	Implementation is of an ongoing nature

577. **In paragraph 61, UNODC agreed with the Board's recommendation to strengthen the controls on monthly bank balances in order to ensure strict respect for the provisions of rule 104.7 of the Financial Regulations and Rules of the United Nations.**

Division responsible:	Division for Management
Status:	Implemented

Priority: Medium

Target date: Implementation is of an ongoing nature

578. **In paragraph 71, UNODC agreed with the Board's recommendation to implement a strategy for the reorganization of the Regional Centre for East Asia and the Pacific in order to re-establish programme management and ensure that the Centre remains financially sustainable.**

579. A new Strategy is currently being developed and the first leg of the programme (SMART) will be launched in September 2008.

Division responsible: Division for Operations

Status: In progress

Priority: High

Target date: December 2008

580. **In paragraph 73, UNODC agreed with the Board's recommendation to establish a more transparent and objective method for the allocation of office operating costs.**

Division responsible: Division for Operations

Status: In progress

Priority: Medium

Target date: December 2008

581. **In paragraph 77, the Board recommended that UNODC set up specific funding for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage.**

582. UNODC is a programme of the United Nations Secretariat and its voluntary funds, the Fund of the United Nations Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund are United Nations trust funds. In this regard, the mechanism for the funding of after-service health insurance and other end-of-service liabilities must be governed by consistent Secretariat-wide policies and procedures. The establishment of such policies and procedures is the responsibility of the Controller of the United Nations and the General Assembly. UNODC understands that these policies and procedures are being developed at United Nations Headquarters and will apply them to the funding of UNDCP and the United Nations Crime Prevention and Criminal Justice Fund, after-service health insurance and end-of-service.

Division responsible: Division for Management

Status: In progress

Priority:	High
Target date:	December 2009

583. **In paragraph 83, UNODC agreed with the Board's recommendation to comply with section 3.6 of administrative instruction ST/AI/2003/5 regarding physical inventory of property.**

584. UNODC has an inventory tracking system. Non-expendable property is added to the inventory system at the time of acquisition and it is removed at write-off. UNODC has not taken a comprehensive physical inventory of non-expendable property because it has harboured serious doubts with regard to the practicality and utility of these comprehensive exercises. That point notwithstanding, UNODC understands that steps are being taken at United Nations Headquarters, in relation to implementation of IPSAS, to develop new inventory policies, including those pertaining to thresholds and depreciation, and will resume the physical inventory of non-expendable property.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	December 2008

585. **In paragraph 85, UNODC agreed with the Board's recommendation that the Management Division upgrade the non-expendable property monitoring software to include a module to depreciate value.**

586. UNODC will introduce a depreciation module into its inventory application programme upon receipt of requested guidance from United Nations Headquarters regarding depreciation rates for categories of items and for depreciation calculation methods.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Full implementation is dependent on the implementation of the enterprise resource planning and IPSAS

587. **In paragraph 88, UNODC agreed with the Board's recommendation to draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period.**

588. Changes in reporting structure (affecting minimum values for included items) were the result of changes recommended by prior audits.

Division responsible:	Division for Management

Status:	In progress
Priority:	Medium
Target date:	December 2008

589. **In paragraph 90, UNODC agreed with the Board's recommendation that field offices send periodically to the Director of the Division for Operations a report on work carried out by consultants in order to strengthen control over recruitment and the work of consultants.**

590. A pilot exercise on monitoring of consultants has been undertaken with one Regional Office. This will serve as a basis for a new system that will cover all field offices.

Division responsible:	Division for Operations
Status:	In progress
Priority:	High
Target date:	December 2008

591. **In paragraph 94, UNODC agreed with the Board's recommendation to continue its efforts to prepare for the implementation of the integrated management system required by the transition to the International Public Sector Accounting Standards, and to take measures to reduce the risks related to transactions and consolidation and extraction of data.**

592. UNODC will actively support the implementation of the United Nations new enterprise resource planning system and is continuously updated by the United Nations Headquarters IPSAS Task Force regarding policies and implementation objectives under the directives issued by the Office of Programme Planning, Budget and Accounts at Headquarters New York. IPSAS Training will continue in 2008-2009 for additional staff. UNODC will take steps to reduce the risks related to transactions and to the consolidation and extraction of data.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Full implementation is dependent on the implementation of the enterprise resource planning and IPSAS

593. **In paragraph 106, UNODC agreed with the Board's recommendation to adopt internal instructions on the prevention, detection and reporting of cases of fraud and alleged fraud.**

594. UNODC will seek guidance from the Ethics Office of the Secretariat and OIOS on ways to adopt internal instructions on the prevention, detection and reporting of cases of fraud and alleged fraud. The establishment of the Ethics Office and the clarification of the whistleblower protection were announced throughout

UNODC through special messages. To implement ST/SGB/2006/6 on financial disclosure and declaration of interest statements, a link to the Ethics Office Financial Disclosure Programme is provided on UNODC Lotus Notes applications.

Division responsible:	Division for Management
Status:	In progress
Priority:	High
Target date:	June 2009

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

595. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 12 recommendations listed as outstanding from prior periods, 7 of which are shown in the annex as "partially implemented" and 5 as "not implemented". The information is set out in the order in which the recommendations are presented in the annex.

596. Table 31 summarizes the overall situation.

Table 31
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division for Management	11	1	3	7	5	2
Division for Policy Analysis and Public Affairs	1	—	—	1	1	—
Total	**12**	**1**	**3**	**8**	**6**	**2**

597. **In paragraph 32 of the report of the Board of Auditors for the biennium ended 31 December 2005,[23] the Board recommended that UNODC increase its efforts to achieve a more balanced geographical distribution of staff.**

598. In recent years, UNODC has actively recruited nationals from countries that were unrepresented and underrepresented, appointing nationals from countries which were previously unrepresented. As part of its recruitment policies and practices and in line with the compact between the Executive Director and the Secretary-General, the Human Resources Management Service of the Division for Management will continue to advocate and sensitize programme managers of the need to give the highest priority to gender balance and geographical distribution when selecting candidates for the Organization.

[23] Ibid., *Sixty-first Session, Supplement No. 5I* (A/61/5/Add.9), chap. II.

Division responsible:	Division for Management
Status:	In progress
Priority:	High
Target date:	Implementation is of an ongoing nature

599. **In paragraph 37, the Board recommended that UNODC correctly reflect income in line with its accounting policy in order to make it consistent with the United Nations system accounting standards and not on the basis of the size of the contributions.**

600. The above recommendation was reiterated in paragraph 14 of the report of the Board for the financial period ended 31 December 2007 (see comments in section A).

Division responsible:	Division for Management
Status:	Implemented
Priority:	High
Target date:	December 2007

601. **In paragraph 49, the Board recommended that UNODC pursue its efforts to increase contributions to finance the general purpose funds.**

602. In 2007, a slight increase in general purpose funding was achieved compared to the previous year. Key new developments that will impact on a strengthening of the core multilateral resources (regular budget and general purpose funding) are:

(a) The adoption in March-April 2008, by the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, of the Executive Director's report on financial issues and difficulties faced by the UNODC in implementing its mandates and an initial assessment of ways and means of improving the financial situation (E/CN/7/2008/11-E/CN.15/2008/15).

(b) The establishment of an intergovernmental working group on governance and funding. The two (co-)chairpersons have been appointed and initial consultations have taken place on the way forward. The Secretariat has scheduled nine one-day meetings, starting early in September and concluding in December 2008. There is consensus among Member States on this approach.

(c) At a recent major donors meeting (17 June 2008), the work-in-progress was acknowledged and issues for increased core funding were highlighted, such as improved transparency and accountability, internal governance (including evaluation), fair burden-sharing and the need to better position UNODC for an increased share of regular budget resources. These issues are on the agenda of the intergovernmental working group.

(d) Intensive consultations with key donors are ongoing to sustain the current levels of general purpose funding.

603. The target date for a consensus on key governance issues and a more global system of funding for UNODC will be the next Commission on Narcotic Drugs and

Commission on Crime Prevention and Criminal Justice meetings in the spring of 2009.

Division responsible:	Division for Policy Analysis and Public Affairs
Status:	In progress
Priority:	High
Target date:	June 2009

604. **In paragraph 55, UNODC agreed with the Board's recommendation to adjust both information systems to avoid further discrepancies in expenditures.**

605. The above recommendation is related to the recommendation issued in paragraph 94 of the report of the Board for the financial period ended 31 December 2007 (A/63/5/Add.9) (see comments in section A).

Division responsible:	Division for Management
Status:	In progress
Priority:	High
Target date:	Full implementation is dependent on the implementation of the enterprise resource planning and IPSAS

606. **In paragraph 62, the Board recommended that UNODC continue to closely monitor the implementation of its operations so as to detect and correct any discrepancy in expenditure reports.**

607. UNODC has systematically followed up with UNDP headquarters on the required corrections of suspense items reported at the end of 2004. They resulted in the reversal of the items. The status as at 31 December 2007 shows a total credit of $14,994.18 for all UNDP country offices. Since the beginning of 2008, such discrepancies have been reduced even further, as a result of the change in the implementation modality of the service clearing account, whereby monthly expenditure reports are being transmitted by UNDP.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	December 2008

608. **In paragraph 71, UNODC agreed with the Board's recommendation to correctly account for accrued interest on the euro cash pool.**

Division responsible:	Division for Management
Status:	Implemented

Priority: Medium

Target date: March 2008

609. **In paragraph 74, UNODC agreed with the Board's reiterated recommendation (a) to comply with rules concerning the opening of bank accounts; and (b) to improve the monitoring of the situation at the level of field offices.**

610. The above recommendation was reiterated in paragraph 59 of the report of the Board for the financial period ended 31 December 2007 (see comments in section A).

Division responsible: Division for Management

Status: Implemented

Priority: Medium

Target date: Implementation is of an ongoing nature

611. **In paragraph 80, UNODC agreed with the Board's recommendation to ensure that its reserves cover the total of all after-service liabilities.**

612. The above recommendation was reiterated in paragraph 77 of the report of the Board for the financial period ended 31 December 2007 (see comments in section A).

Division responsible: Division for Management

Status: In progress

Priority: High

Target date: December 2009

613. **In paragraph 83, the Board recommended that UNODC conduct regular physical inventory counts at headquarters.**

614. The above recommendation was reiterated in paragraph 83 of the report of the Board for the financial period ended 31 December 2007 (see comments in section A).

Division responsible: Division for Management

Status: In progress

Priority: Medium

Target date: December 2008

615. **In paragraph 91, UNODC agreed with the Board's recommendation to establish procurement plans.**

616. Requisitioning offices responded only partially to the UNODC Procurement Section requests for the submission of procurement plans for the biennium 2006-2007. However, for 2008, procurement plans were submitted on time and in the

appropriate format. On that basis, a consolidated procurement plan was prepared in July 2008. The Procurement Section discusses the plan with the concerned offices in order to streamline acquisitions, avoid piecemeal purchases, set timelines for the initiation of the procurement processes and monitor the timely submission of requisitions. It is anticipated that the procurement plan for 2009 will have been finalized by the end of 2008.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	December 2008

617. **In paragraph 96, UNODC agreed with the Board's recommendation to strictly comply with the provisions of the Procurement Manual.**

618. Compliance with the provisions of the Procurement Manual is an ongoing exercise and UNODC will step up its efforts to implement the recommendation. Shortage of procurement staff in general and in particular at the senior level, combined with the heavy workload limited the time for coaching and mentoring. Subject to availability of funds and training opportunities, the staff will be encouraged to participate in procurement training activities. Procurement staff have also been advised to deepen their knowledge of correct procurement procedures through self-study.

Division responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	December 2008

619. **In paragraph 113, the Board recommended that UNODC conduct tests with password-breaking software in the immediate future to determine if reliance on passwords provides an adequate level of security.**

620. In paragraph 19 of its report for the financial period ended 31 December 2007, the Board notes that UNODC has advised that due to technical reasons, the recommendation cannot be implemented. UNODC has advised the Board on a number of occasions that UNODC does not consider that login name and password provide security; therefore no test is required. Based on UNODC Information Technology Service experience, the breakdown in security apparently manifested by a password, typically occurs well before the necessity for the application of any password-breaking software.

Division responsible:	Division for Management
Status:	Not accepted
Priority:	Not applicable
Target date:	Not applicable

XIII. United Nations Office for Project Services

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[24]

Summary response of the United Nations Office for Project Services to the Board of Auditors

621. As a self-financing provider of services to the United Nations system and other organizations, UNOPS management is implementing systems to ensure that it provides world-class project management, procurement and other support services to United Nations agencies, international financial institutions, Governments and non-governmental organizations. With some 1,000 core staff, 6 regional offices and some 25 operations centres, UNOPS oversees activities in more than 90 project countries.

622. UNOPS customizes its services to individual client needs, offering everything from one-time, stand-alone solutions to long-term project management. Core services include project management, procurement, human resources management, fund management and United Nations common services.

623. In recognition of its specialized expertise, former Secretary-General Kofi Annan designated UNOPS as the lead United Nations entity for complex infrastructure projects in peacekeeping settings. UNOPS also has considerable capacity and experience in other sectors, including education, environment, gender, governance, health, humanitarian relief and recovery, justice and reconciliation, poverty mitigation, and security and disarmament.

624. UNOPS management fully appreciates that the organization must remain efficient, agile and flexible in order to respond to the changing needs of its clients. Furthermore, UNOPS must maintain sound internal control systems and keep its financial house in order, managing itself as an efficient business, including through measures that ensure its viability and maintain its operational reserve.

625. The recommendations made in the report of the Board of Auditors for the 2006-2007 biennium gave UNOPS management an outline for further improving its internal controls and financial systems. UNOPS management provides herein specific responses to those recommendations, and pledges to continue its efforts to implement fully all the recommendations of the Board of Auditors. The Board acknowledged that of 43 main recommendations made in the audit report for the biennium 2004-2005, 23 (54 per cent) were fully and 20 (46 per cent) partially implemented by the end of 2007. UNOPS management is pleased to have achieved this relatively high implementation rate despite late 2004-2005 audit report approval (only on 29 June 2007, owing to the inability of UNOPS to close the 2004-2005 accounts until November 2006). Consequently, UNOPS management had only 6 months, rather than the customary 18, before the end of the following biennium to implement the Board's recommendations.

626. The significant improvements in UNOPS internal controls and its overall financial situation are further demonstrated by its receipt of an unqualified audit opinion from the Board for its 2006-2007 financial statements, and the number of

[24] Ibid., *Sixty-third Session, Supplement No. 5J* (A/63/5/Add.10).

matters of emphasis cited by the Board declined from seven, on nine major issues, to three. Management accepts all recommendations made by the Board and is confident that most of the 20 recommendations from prior periods will be substantially implemented by the end of 2008, and the 48 recommendations made in the 2006-2007 report of the Board will be implemented by the end of 2009. The members of the UNOPS senior management team, most of whom are newly appointed, are resolutely committed to improving the financial systems of the organization to ensure that UNOPS is financially sound and operated as an efficient provider of procurement, infrastructure and project management services.

Responses to the main recommendations of the United Nations Board of Auditors

627. The main recommendations were that UNOPS: (a) take steps to fund its operational reserve to the specified level in a timely manner; (b) detail accounts payable suspense account 21005; (c) recover long-outstanding receivables; (d) Reassess the recoverability of the UNDP debt of $9.9 million; assess the adequacy of the $5 million write-off provision; and ensure that all inter-fund reconciliations are performed regularly; and (e) implement cost monitoring of projects.

628. With respect to the funding of the operational reserve, following Executive Board decision DP/2001/28, the required operational reserve is calculated at the rate of 4 per cent of the average combined programme and administrative expenditure of UNOPS for the previous three years. The actual operational reserve for the year ended 31 December 2007 amounted to some $25.1 million, which is 72.1 per cent of the mandatory reserve balance. This represents a significant improvement in the financial position of UNOPS. The corresponding figure at the end of 2005 was $4.3 million, or 16 per cent of the mandatory reserve balance. It should be noted that the reserve level of $25.1 million was achieved after providing in full for end-of-service liabilities relating to staff and making a conservative provision of $26 million for doubtful receivables and other potential business losses relating to activities during and prior to the biennium 2004-2005.

629. UNOPS agrees that the detailing of the accounts payable suspense account is a high-priority item. Although the standard reports available in the UNOPS financial and accounting system provide both an overview and details satisfying operational requirements, UNOPS concurs with the audit recommendation that such reports deserve a detailed breakdown by creditor and age analysis. UNOPS has commenced discussions with the information technology development team to design a new, customized report in Atlas which will allow close and timely monitoring of the liquidation of such account balances and will satisfy the audit requirements. UNOPS expects the Atlas report to be finished by the end of 2008.

630. With regard to the recovery of long-outstanding receivables, as of June 2008 UNOPS had collected 75 per cent of its outstanding rental receivables. This means that at most 25 per cent of the $1.8 million bad debt provision made at the end of the biennium 2006-2007 might be needed. The outstanding balances from other United Nations agencies have been resolved more slowly. UNOPS continues the clean-up exercise and hopes to liquidate most outstanding balances by the end of 2008.

631. With regard to the UNDP debt, the write-off provision and inter-fund reconciliations, UNOPS is pleased to report that during the biennium 2006-2007 the inter-fund transaction first-time acceptance rate reached 98 per cent. Reconciliations

with UNDP became regular and all outstanding items are now promptly identified and followed up. Only some 6 per cent of the inter-fund items outstanding with UNDP relate to the biennium 2006-2007. UNOPS has pledged to do its utmost to liquidate all long-outstanding inter-fund items by the end of 2008, which may include settling with UNDP items that can no longer be reconciled due to their age.

632. UNOPS fully agrees to monitor project costs. As part of the "enhancement of internal controls" drive, during 2007 new procedures and tools were put in place to monitor regularly project budgets and expenditures incurred. The "dashboard", a customized project- and finance-monitoring tool, was substantially improved in early 2008 and now provides management and project staff both an overview and details required to monitor project budgets closely. The tool provides reliable, consistent and complete data. The next version of the dashboard will enable online client reporting, improving its timeliness and efficiency.

633. UNOPS is pleased to respond to the Board's report for the biennium ended 31 December 2007. On the basis of the series of improvements and developments that occurred during the biennium 2006-2007 and the high degree of dedication and commitment from staff, UNOPS is turning the page on historical problems and raising its professional standards.

B. Comments on the status of implementation of the Board's recommendations for the biennium ended 31 December 2007

Table 32
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Executive Office	—	—	—	—	—	—
Corporate Control Centre	3	—	—	3	3	—
Global Service Centre	—	—	—	—	—	—
Organizational Effectiveness Centre	—	—	—	—	—	—
Regional office(s)	—	—	—	—	—	—
Total	**3**	**—**	**—**	**3**	**3**	**—**

Table 33
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Executive Office	6	—	—	6	6	—
Corporate Control Centre	25	—	—	25	25	—
Global Service Centre	4	—	—	4	4	—
Organizational Effectiveness Centre	3	—	1	2	2	—

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Regional office(s)	10	—	—	10	10	—
Total	**48**	**—**	**1**	**47**	**47**	**—**

634. **In paragraph 35, the Board reported that UNOPS agreed with its recommendation that UNOPS continue to monitor profit margins of all its projects.**

635. A pricing and cost recovery policy was promulgated in February 2008. Regional directors have been instructed to adhere to the pricing policy; exceptions must be approved by the Executive Director or the Deputy Executive Director. UNOPS management continues to monitor rigorously the profit margins on all new business acquisitions.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: December 2008

636. **In paragraph 49, the Board recommended that UNOPS obtain quarterly certificates from all its business units confirming the validity of all recorded unliquidated obligations.**

637. UNOPS is developing quarterly closing procedures, and the certification process will be part of the closing process. The Office of Finance is exploring the possibility of automating the encumbrance accounting.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: December 2008

638. **In paragraph 55, the Board recommended that UNOPS clarify in its financial statements the appropriate accounting standards for revenue recognition that it has applied in its accounting policies.**

639. All revenue recognition methods are being studied and clarification on revenue recognition will be issued in conjunction with the adoption of IPSAS. A training workshop for all finance staff is planned for September 2008 to discuss, inter alia, issues relating to revenue recognition and obtain feedback from stakeholders.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

640. **In paragraph 61, the Board recommended that UNOPS review its accounting policies regarding revenue recognition.**

641. See comments in paragraph 639 above.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

642. **In paragraph 81, the Board recommended that UNOPS strengthen its processes at regional offices to ensure that all regional finance officers make use of financial reports in Atlas.**

643. All the necessary access rights were given to regional finance officers. A refresher training session will be held for senior finance staff to introduce them to the redesigned dashboard and the various tools available therein to extract the financial information.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: September 2008

644. **In paragraph 89, the Board reported that UNOPS agreed with its recommendation that UNOPS fund its operational reserve at the required level in a timely manner.**

645. Pursuant to Executive Board decision DP/2001/28, the required operational reserve is calculated at the rate of 4 per cent of the average combined programme and administrative expenditure of UNOPS for the previous three years. The actual UNOPS operational reserves for the year ended 31 December 2007 amounted to some $25.1 million, which is 72.1 per cent of the mandatory reserve balance. UNOPS management is confident that operational reserves will be funded at the required level by December 2009.

Department responsible: Executive Office

Status: Ongoing

Priority: High

Target date: December 2009

646. **In paragraph 96, the Board reported that UNOPS agreed with its recommendation that UNOPS prepare an age analysis for contributions received in advance and expenditure incurred to be charged to clients.**

647. The Office of Finance has contacted the Atlas team to enquire whether such a report could be produced within the current Atlas configuration. Should that not be feasible, the relevant adjustments to the standard operating procedures will be made.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	December 2009

648. **In paragraph 100, the Board reported that UNOPS agreed with its recommendation that UNOPS implement controls to regularly review and sign off on staff receivables and other receivable balances.**

649. UNOPS is developing quarterly closing procedures, and the certification process will be part of the closing process. The Office of Finance has already started the process of reviewing the last remaining accounts receivable and accounts payable balances.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	December 2008

650. **In paragraph 103, the Board reported that UNOPS agreed with its recommendation that UNOPS (a) develop a report in Atlas which categorizes accounts payable account 21005 by creditor and provides related ageing information; and (b) implement controls to review overdue balances regularly.**

651. The Office of Finance has already requested the Atlas team to develop a report to analyse the accounts payable balance by creditor name.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	March 2009

652. **In paragraph 109, the Board reported that UNOPS agreed with its recommendation that the Asia-Pacific Office and the Middle East Office (a) implement procedures to ensure that financial data quality is regularly monitored and discrepancies are investigated; (b) assess their training needs; (c) request headquarters to perform data quality reports for calendar year 2006; and (d) follow up and correct all data quality errors as reflected in the financial dashboard before year's end.**

653. A dashboard owners group was established in March 2008 (with representation from each regional office) to resolve all data discrepancy problems. The training needs of regional offices are being reviewed, and a comprehensive training programme will be implemented within the next 12 months.

Department responsible:	Organizational Effectiveness Centre
Status:	Ongoing
Priority:	High
Target date:	June 2009

654. **In paragraph 110, the Board recommended that UNOPS (a) always review budgets prior to approval; (b) always use the correct chart of accounts code; and (c) make no modification once a payment has been approved and posted.**

655. UNOPS has introduced major improvements in this area since late 2007. In relation to the accounts payable aspect, controls will be further strengthened and proper training will be given to all finance staff to prevent the recurrence of such errors.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	December 2009

656. **In paragraph 124, the Board reiterated its recommendation that UNOPS reconcile its transactions and balances with UNDP on a regular basis.**

657. A regular reconciliation process was put in place in the second half of 2007. A full-time accountant was assigned to the UNDP inter-fund reconciliation. In addition, UNOPS intends to reach agreement with UNDP to settle fund balances in cash on a regular basis.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	December 2009

658. **In paragraph 125, the Board recommended that UNOPS obtain confirmations of all its inter-fund balances as part of its financial statement preparation process.**

659. UNOPS is in the process of developing quarterly closing procedures, and the confirmation exercise will be part of such closing procedures.

Department responsible:	Corporate Control Centre
Status:	Ongoing

Priority: High

Target date: March 2009

660. **In paragraph 127, the Board recommended that UNOPS, in collaboration with UNDP, settle inter-fund balances in cash on a regular basis in order to enforce regular reconciliations.**

661. A regular reconciliation process was put in place in the second half of 2007. A full-time staff member was assigned to the UNDP inter-fund reconciliation. In addition, UNOPS intends to reach agreement with UNDP to settle fund balances in cash on a regular basis.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: December 2009

662. **In paragraph 138, the Board recommended that UNOPS (a) confirm inter-fund balances payable to or due from other United Nations agencies as part of the preparation of its financial statements and perform reconciliations of differences; and (b) follow up on the differences in the inter-fund balances with other United Nations agencies.**

663. UNOPS is developing quarterly closing procedures, and the confirmation and settlement of fund balances will be part of such procedures.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

664. **In paragraph 179, the Board reported that UNOPS agreed with its recommendation that UNOPS compile a formal IPSAS implementation plan.**

665. The Office of Finance is collaborating closely with IPSAS teams of sister United Nations agencies to develop a formal IPSAS implementation plan. The process has taken longer than in most other cases owing to the unique business needs of UNOPS. UNOPS will soon have a dedicated staff member to lead the fine-tuning and implementation of the IPSAS transition plan.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: December 2009

666. **In paragraph 185, the Board recommended that UNOPS (a) perform a detailed analysis of its exposure to currency fluctuations; and (b) identify methods of managing the foreign exchange risk.**

667. Since UNDP handles all UNOPS treasury functions, UNOPS is in discussions with UNDP to address this issue. As an interim solution, in regions where the currency exposure is relatively high, special (escrow-like) local bank accounts have been set up to mitigate currency fluctuation risks.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	March 2009

668. **In paragraph 205, the Board recommended that UNOPS ensure that the Middle East Office and the Asia-Pacific Office (a) implement policies to ensure that all operations centres submit, on a monthly basis, advances recoverable locally ledgers in the required format and detail; and (b) include as part of end-of-month procedures the review of advances recoverable locally.**

669. UNOPS is developing quarterly closing procedures, and the advances recoverable locally settlement certification process will be part of such procedures. Additionally, owing to the new modality (implementation already under way) of handling imprest transactions, the need for advances recoverable locally will be drastically minimized.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	December 2008

670. **In paragraph 219, the Board reported that UNOPS agreed with its recommendation that UNOPS ensure that the Middle East Office, in conjunction with headquarters, (a) formulate a standard operating procedure that provides further guidance on finance roles and responsibilities among all business units in UNOPS; and (b) implement the monitoring and oversight mechanisms on Atlas at the regional level in relation to operations centres.**

671. The new administrative instruction on delegation of authority to finance staff, promulgated in early May 2008, resolved most of the ambiguity. However, an instruction on standard operating procedure will be issued to further clarify this issue.

Department responsible:	Organizational Effectiveness Centre
Status:	Ongoing

Priority: High

Target date: March 2009

672. **In paragraph 224, the Board reported that UNOPS agreed with its recommendation that UNOPS ensure that the Middle East Office implements processes to ensure that the standard operating procedures are approved and implemented as soon as possible.**

673. A process will be developed to monitor and use standard operating procedures within the Middle East region, and its implementation will be monitored on a regular basis.

Department responsible: Middle East Office

Status: Ongoing

Priority: High

Target date: March 2009

674. **In paragraph 228, the Board reported that the Middle East Office agreed with its recommendation that the Middle East Office clearly document and agree with the operations centres as to the circumstances when specific procurement services will be rendered by the Middle East Office Procurement Unit to the operations centres.**

675. A clarification memo will be issued by the Global Service Centre.

Department responsible: Global Service Centre

Status: Ongoing

Priority: High

Target date: December 2008

676. **In paragraph 232, the Board reported that UNOPS agreed with its recommendation that UNOPS ensure that the Middle East Office at all times completes supplier performance evaluation reports in accordance with the requirements of the UNOPS Procurement Manual.**

677. The relevant instructions will be reiterated to all procurement staff.

Department responsible: Middle East Office

Status: Ongoing

Priority: High

Target date: December 2008

678. **In paragraph 237, the Board reported that the Middle East Office agreed with its recommendation that the Middle East Office (a) maintain proper contract files; and (b) review contract files for completeness on a regular basis.**

679. Procurement and logistics staff will be trained and the Procurement Manual will be updated to reflect both requirements. In addition, as part of the closing process, procurement files will be sampled for completeness.

Department responsible: Global Service Centre

Status: Ongoing

Priority: High

Target date: March 2009

680. **In paragraph 238, the Board reported that the Middle East Office agreed with its recommendation that, at the end of a project, the operations centres apply strict rules for paperwork retention in a specific location.**

681. Instructions will be sent to all operations centres reminding them of the UNOPS records retention policy. In addition, files will be sampled for compliance.

Department responsible: Global Service Centre

Status: Ongoing

Priority: High

Target date: December 2008

682. **In paragraph 297, the Board recommended that UNOPS (a) perform inventory counts and asset reconciliations on a regular basis; and (b) maintain proper records relating to asset counts performed.**

683. This process has already started, and all offices will be required to certify asset registers on a quarterly basis. In addition, UNOPS will begin using the Atlas fixed-assets module in October 2008.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

684. **In paragraph 305, the Board reported that UNOPS agreed with its recommendation that UNOPS (a) roll out the asset management module in Atlas to all regional offices; and (b) ensure that all relevant staff receive appropriate training prior to using the module.**

685. UNOPS is in the process of configuring the Atlas fixed-assets module. The system should be ready for use in October 2008. As a next step, proper training in its use will be provided to all staff.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: December 2008

686. **In paragraph 316, the Board reported that the Middle East Office agreed with its recommendation that the Middle East Office, in conjunction with all relevant operations centres, (a) identify assets that are required for project purposes and transport them to the project sites as soon as possible; (b) identify assets that no longer meet the project requirements, and implement a process to dispose of those assets in a timely manner; (c) return funds to donors after selling project assets; (d) implement controls to monitor and prevent project assets from being stored in a warehouse for extended periods of time; and (e) raise a liability for amounts to be refunded to donors.**

687. This process has already begun and is expected to finish by March 2009.

Department responsible: Regional offices

Status: Ongoing

Priority: High

Target date: March 2009

688. **In paragraph 322, the Board reported that UNOPS agreed with its recommendation that UNOPS (a) agree with relevant donors to allow the regional office to sell obsolete project assets and refund the money to the project; (b) implement controls over project assets stored in warehouses to ensure that project assets are utilized for project activities only; (c) together with operations centres, implement controls to enable project managers to better oversee assets purchased against project funds; (d) investigate the circumstances surrounding the misuse of project funds that allowed the purchase of project assets for use by the administration; and (e) make an accounting entry to reverse the cost of assets purchased (and the related revenue) under projects.**

689. This process has already begun and should be completed by March 2009.

Department responsible: Regional offices

Status: Ongoing

Priority: High

Target date: March 2009

690. **In paragraph 326, the Board recommended that UNOPS reconcile the opening balances with the closing balance as reported in its 2004-2005 financial statements.**

691. This exercise will be part of the asset register clean-up process. In addition, once assets are uploaded to the Atlas module, the reconciliation process will be automated.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

692. **In paragraph 330, the Board reported that UNOPS agreed with its recommendation that UNOPS provide the authorized staffing table to each regional office on an annual basis.**

693. This has been in place since January 2008.

Department responsible: Organizational Effectiveness Centre

Status: Fully implemented

Priority: High

Target date: Not applicable

694. **In paragraph 345, the Board recommended that UNOPS take appropriate action when delays are experienced in finalizing appointments.**

695. In May 2008 UNOPS issued an organizational directive on recruitment, which includes standard operating procedures on timeliness of recruitment. Rigorous monitoring procedures have been put in place.

Departments responsible: Global Service Centre and Organizational Effectiveness Centre

Status: Ongoing

Priority: High

Target date: December 2008

696. **In paragraph 366, the Board recommended that UNOPS, in conjunction with regional offices, review its approach to project management and ensure that a uniform system (where possible) is implemented within the UNOPS organizational structure.**

697. A follow-up review will be conducted by the Organizational Effectiveness Centre in the second half of 2008.

Department responsible: Regional offices

Status: Ongoing

Priority: High

Target date: December 2008

698. **In paragraph 384, the Board recommended that UNOPS (a) implement controls to ensure that advance spending is incurred in compliance with its**

advance financing policy; and (b) make appropriate disclosure of debtors in respect of advance funding/financing.

699. Implementation is well under way and compliance will be monitored at regular intervals. Additionally, revised procedures are being put in place to significantly reduce the number of approved advance financing requests.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	December 2008

700. **In paragraph 406, the Board reported that UNOPS agreed with its recommendation that UNOPS take further steps to (a) ensure that the status of projects is regularly monitored and accurately reflected in Atlas; and (b) urgently complete the project closure exercise.**

701. UNOPS has made steady progress in this area. All project budgets will be monitored on a monthly basis via the new dashboard tool. The accountability of project managers and regional directors for cost overruns has been strengthened.

Department responsible:	Regional offices
Status:	Ongoing
Priority:	High
Target date:	March 2009

702. **In paragraph 410, the Board recommended that UNOPS collate and track all project expenditure against budgets on a cumulative and annual basis.**

703. The new dashboard will be configured to capture this information on a cumulative basis so that project managers have easy access to budget and project expenditure details.

Department responsible:	Corporate Control Centre
Status:	Ongoing
Priority:	High
Target date:	March 2009

704. **In paragraph 418, the Board recommended that UNOPS (a) address weaknesses in the data quality in Atlas; and (b) perform an in-depth analysis of all projects currently listed and identify projects that need to be closed, and projects that require or may require further funding.**

705. Following a 12-month-long effort, all projects that need to be closed have already been identified. A team was assigned to prepare final reports and close the projects operationally and financially.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

706. **In paragraph 422, the Board recommended that UNOPS take urgent and strict measures to address the causes of the issues identified at the Afghanistan Operations Centre and remedy them.**

707. The resolution of all historical issues is being vigorously pursued.

Department responsible: Middle East Office

Status: Ongoing

Priority: High

Target date: March 2009

708. **In paragraph 427, the Board recommended that UNOPS (a) regularly reconcile budgets as reported by operations centres with Atlas; (b) investigate and correct the reasons for the differences identified between budgets and recorded expenditure; (c) offer additional training for staff at operations centres to enable consistent and accurate reporting; and (d) address the backlog in the processing of expenditure and disbursement by operations centres.**

709 The reconciliation process is well under way. Staff will receive additional training and proper instructions to code costs accurately so that expenditure is always recorded according to budget line items.

Department responsible: Corporate Control Centre

Status: Ongoing

Priority: High

Target date: March 2009

710. **In paragraph 434, the Board recommended that UNOPS, in conjunction with the Middle East Office and the Asia-Pacific Office, (a) implement policies to hold project managers and operations centres more accountable for income delivery; (b) review budget-setting methods and controls to ensure that budgets set and agreed with clients are more in line with expected delivery; (c) improve monitoring controls at the Middle East Office over the performance of operations centres; (d) take steps against operations centres that have under-delivered; and (e) consider reducing administrative costs to make up for delivery shortfalls.**

711. The budgetary process has been strengthened and appropriate actions are taken regularly to make regional offices and operations centres more accountable for results.

Department responsible: Executive Office

Status: Ongoing

Priority: High

Target date: December 2008

712. **In paragraph 442, the Board reported that the Asia-Pacific Office agreed with its recommendation that the Asia-Pacific Office (a) develop and approve a business growth strategy; (b) adequately address the business risks associated with new areas of business; and (c) implement adequate monitoring control over project performance and progress against targets.**

713. In line with the UNOPS business strategy for 2007-2009, business growth opportunities are regularly reviewed at corporate operations group meetings and corrective actions are taken, as required. A new pricing policy was issued in February 2008 to manage better financial risks associated with the increased levels of business acquisition and programme delivery. A revised project acceptance policy is being finalized.

Department responsible: Executive Office

Status: Ongoing

Priority: High

Target date: March 2009

714. **In paragraph 448, the Board recommended that UNOPS improve its controls so that (a) project-level system controls are improved, which would help in the detection and control of overspending; and (b) project budgets are monitored on a regular basis to ensure that budgets are not exceeded.**

715. See the comments in paragraph 701 above.

Department responsible: Regional offices

Status: Ongoing

Priority: High

Target date: March 2009

716. **In paragraph 452, the Board reported that the Asia-Pacific Office agreed with its recommendation that the Asia-Pacific Office (a) monitor projects on a regular basis; (b) enhance supervision of project managers whose projects reflect a pattern of low delivery; and (c) review budget-setting methods and controls to ensure that the budgets agreed with clients are more in line with expected delivery.**

717. See the comments in paragraph 701 above.

Department responsible: Regional offices

Status: Ongoing

Priority: High

Target date: March 2009

718. **In paragraph 457 the Board reported that the Asia-Pacific Office agreed with its recommendation that the Asia-Pacific Office produce reports when this is required by a memorandum of understanding.**

719. Regional finance officers have been instructed that client reports must always be produced as stipulated in the memorandums of understanding. A quarterly status report will be requested by the Office of the Comptroller.

Department responsible: Regional offices

Status: Ongoing

Priority: High

Target date: March 2009

720. **In paragraph 470, the Board recommended that the Internal Audit Office (a) take measures to fully implement its workplan; and (b) increase the coverage of regional office, headquarters and financial statement audit.**

721. Measures will be taken to implement the audit workplan fully, and special emphasis will be placed on the workplan to cover the operations of the regional offices and audit of corporate financial statements.

Department responsible: Executive Office

Status: Ongoing

Priority: High

Target date: March 2009

722. **In paragraph 480, the Board reported that UNOPS agreed with its recommendation that UNOPS, in conjunction with its Internal Audit Office, perform a quality assessment exercise to assist in the strengthening of the internal audit function.**

723. The Internal Audit Office of UNOPS is a member of the Institute of Internal Auditors and adheres to the Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute. Standard 1300 directs that the Internal Audit Office develop and implement a quality assurance and improvement programme, and this is ongoing. Furthermore, standard 1312 states that, as part of that programme, the Internal Audit Office should have an external assessment conducted by a qualified, independent reviewer from outside the organization to assess all aspects of its activities and its effectiveness at least once every five years. This external assessment is scheduled for 2010.

Department responsible: Executive Office

Status: Ongoing

Priority: High

Target date: December 2009

724. **In paragraph 485, the Board recommended that UNOPS consider the establishment of an independent audit committee to strengthen the governance and oversight function.**

725. This issue will be reviewed and addressed in the organizational directive on the UNOPS accountability framework to be reviewed by the Executive Board at its second annual session in September 2008. UNOPS will implement the decisions of the Executive Board.

Department responsible: Executive Office

Status: Ongoing

Priority: High

Target date: December 2009

726. **In paragraph 494, the Board reported that UNOPS agreed with its recommendation that UNOPS implement the recommendation resulting from the Office of Internal Oversight Services review.**

727. The majority of the recommendations made to date by the Office of Internal Oversight Services in its review conducted in September and October 2007 have been implemented.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: December 2008

C. Implementation of recommendations contained in the reports of the Board of Auditors for prior bienniums

728. In the annex to its report for the biennium ended 31 December 2007, the Board summarized the status of implementation of recommendations for previous financial periods. Information is provided below on the 20 recommendations listed therein as partially implemented. The information is set out in the order in which the recommendations are presented in the annex.

729. Table 34 summarizes the overall situation.

Table 34
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Executive Office	3	—	—	3	3	—
Corporate Control Centre	12	—	—	12	12	—
Global Service Centre	—	—	—	—	—	—
Organizational Effectiveness Centre	—	—	—	—	—	—
Regional office(s)	5	—	—	5	5	—
Total	**20**	**—**	**—**	**20**	**20**	**—**

730. **In paragraph 40 of its report for the biennium ended 31 December 2005,[25] the Board reported that UNOPS agreed with its recommendation that UNOPS take steps to fund its operational reserve to the specified level in a timely manner. UNOPS would (a) monitor and track all the variables affecting the going-concern assumptions and (b) agree with the Executive Board on a time frame for the rebuilding of the operational reserve.**

731. The required operational reserve is calculated at the rate of 4 per cent of the average combined programme and administrative expenditure of UNOPS for the previous three years. The actual UNOPS operational reserve for the year ended 31 December 2007 amounted to some $25.1 million, which is 72.1 per cent of the mandatory reserve balance. This represents a significant improvement in the financial position of UNOPS. UNOPS is on track to restore the operational reserve balance fully by the end of the biennium 2008-2009.

Department responsible: Executive Office

Status: Partially implemented

Priority: High

Target date: December 2009

732. **In paragraph 45, the Board recommended that UNOPS (a) improve its financial statement preparation process; and (b) submit certified financial statements for audit in a timely manner.**

733. The complete set of financial statements for the biennium 2006-2007, together with schedules and notes, was provided to the Board of Auditors on time. In its audit report, the Board commends UNOPS for the timeliness of the submission. The Board had few comments on further improving the presentation of UNOPS statements.

Department responsible: Corporate Control Centre

[25] Ibid., *Sixty-first Session, Supplement No. 5J* (A/61/5/Add.10).

Status: Partially implemented

Priority: High

Target date: March 2009

734. **In paragraph 48, the Board recommended that UNOPS fully reconcile and clear all suspense accounts in a timely manner.**

735. Most suspense and clearing accounts carried forward from the previous accounting system have been investigated and cleaned up. The remaining balances will be liquidated by the end of 2008.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: December 2008

736. **In paragraph 50, the Board reported that UNOPS agreed with its recommendation that UNOPS conduct ongoing reviews of its accounts payable balances. UNOPS would (a) improve its financial statement preparation process and (b) submit certified financial statements for audit in a timely manner.**

737. A major project closure and clean-up exercise began in late 2007. As a first step, 3,600 UNOPS projects shown in the system as active were analysed for activities during the past biennium, and about 2,100 projects were operationally or financially closed. Project staff and the finance team are preparing final technical and financial reports to the clients in order to initiate refund or collection processes on all old project balances by the end of 2008.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: March 2009

738. **In paragraph 55, the Board recommended that UNOPS analyse and reconcile account 21005.**

739. UNOPS is implementing a new, customized report in Atlas, which will allow the liquidation of such account balances in a timely manner. In addition the report will provide details by creditor and age of the outstanding balance. UNOPS expects the report to be finished by the end of 2008.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: March 2009

740. **In paragraph 62, the Board recommended that UNOPS review the recoverability of long-outstanding debtor balances.**

741. As of June 2008 UNOPS had collected 75 per cent of its outstanding rental receivables. This means that at most 25 per cent of the $1.8 million bad-debt provision made at the end of the biennium 2006-2007 might still be needed. The outstanding balances from other United Nations agencies have been resolved more slowly. UNOPS continues the clean-up exercise and aims to liquidate most outstanding balances by the end of 2008.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: December 2008

742. **In paragraph 67, the Board recommended that UNOPS implement effective measures to collect all funds due to it and assess the recoverability of outstanding balances.**

743. With regard to staff receivables, UNOPS has since June 2008 assigned a full-time staff member to perform the clean-up of outstanding balances. Details on the breakdown are currently available for the entire balance and about 25 per cent of such entries have already been cleared. By the end of 2008 UNOPS expects the account balances to be current.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: December 2008

744. **In paragraph 69, the Board reported that UNOPS agreed with its recommendation that UNOPS implement controls to ensure that there are supporting documents for amounts disclosed in the annual financial statements.**

745. Significant improvements have been achieved in maintaining and presenting documents to justify amounts disclosed in the current financial statements. The remaining work should be completed by the end of 2008.

Department responsible: Corporate Control Centre

Status: Partially implemented

Priority: High

Target date: December 2008

746. **In paragraph 71, the Board recommended that UNOPS credit balances on advance accounts be accounted for as a payable.**

747. The final financial statements for the biennium 2006-2007 were prepared in accordance with this recommendation. In addition, a finance manual is being prepared, which will give clearer guidance on the classification of balance-sheet accounts.

Department responsible:	Corporate Control Centre
Status:	Partially implemented
Priority:	High
Target date:	December 2008

748. **In paragraph 95, the Board recommended that UNOPS (a) reassess the recoverability of the UNDP debt of $9.9 million; (b) assess the adequacy of the $5 million provision raised for write-off; and (c) ensure that all inter-fund reconciliations are performed regularly.**

749. During the biennium 2006-2007, the inter-fund transaction first-time acceptance rate was as high as 98 per cent. By late 2007 reconciliations with UNDP became regular and all outstanding items were promptly identified and followed up. Only some 6 per cent of the inter-fund items outstanding with UNDP relate to the biennium 2006-2007. UNDP has pledged to do its utmost to liquidate all outstanding inter-fund items by the end of 2008. UNOPS has made new inter-fund-related provisions during the biennium, and the total now stands at $14 million.

Department responsible:	Corporate Control Centre
Status:	Partially implemented
Priority:	High
Target date:	December 2008

750. **In paragraph 109, the Board reported that UNOPS agreed with its reiterated recommendation that UNOPS ensure that there is a reconciliation of prior-year unliquidated obligations. UNOPS would (a) reconcile the payroll with the general ledger on a regular basis to ensure that all payroll costs have been correctly allocated; (b) certify reconciliations at an appropriate level of seniority as proof of review; and (c) make specific year-end and biennium-end closing arrangements to validate differences.**

751. In 2007 UNOPS moved to quarterly reviews of prior-year unliquidated obligations. In May 2008, revised guidelines on the review and closure of open purchase orders were issued to all operations centres.

Department responsible:	Corporate Control Centre
Status:	Partially implemented

Priority: High

Target date: December 2008

752. **In paragraph 120, the Board reported that UNOPS agreed with its recommendation that UNOPS implement controls over project budgets to ensure that proper monthly reviews of project budgets and expenditure are completed.**

753. As part of the "enhancement of internal controls" drive, in 2007 new procedures and tools were put in place to monitor regularly project budgets and expenditures incurred. The dashboard, a customized project- and finance-monitoring tool, was substantially improved in early 2008 and now provides management and project staff with an overview and details required to monitor project budgets closely. The tool provides reliable, consistent and complete data. The next version of the dashboard will enable online client reporting, improving its timeliness and efficiency.

Department responsible: Regional offices

Status: Partially implemented

Priority: High

Target date: December 2008

754. **In paragraph 123, the Board reported that UNOPS agreed with its recommendation that UNOPS address cost monitoring of its projects.**

755. UNOPS has made steady progress in this area. All project budgets will be monitored on a monthly basis by means of the new dashboard tool. The accountability of project managers and regional directors for cost overruns has been strengthened.

Department responsible: Regional offices

Status: Partially implemented

Priority: High

Target date: March 2009

756. **In paragraph 125, the Board reported that UNOPS agreed with its recommendation that UNOPS obtain formal authorizations for budget increases on a timely basis.**

757. As part of the process of strengthening internal controls, UNOPS introduced a procedure whereby updates to budgets can be effected only with sufficient written authorization from the client. Regular monitoring and corrective actions avoid budget overruns.

Department responsible: Regional offices

Status: Partially implemented

Priority:	High
Target date:	December 2008

758. **In paragraph 130, the Board reported that UNOPS agreed with its reiterated recommendation that UNOPS secure authorizations for excess project expenditures and revise budgets in a timely manner. UNOPS would remain focused on preparing budgets and revisions thereto on a basis that is more in line with realistic project delivery.**

759. As from mid-2007 suggested modifications and updates to project budgets are reviewed against supporting documentation, such as amendments to memorandums of understanding, and revised budget figures must be authorized by regional finance officers.

Department responsible:	Regional offices
Status:	Partially implemented
Priority:	High
Target date:	December 2008

760. **In paragraph 149, the Board reported that UNOPS agreed with its reiterated recommendation that UNOPS develop a risk-based internal audit plan to provide assurance to the organization on financial procedures. In addition, UNOPS agreed with the Board's recommendation that it take steps to implement the formation of an audit committee.**

761. The Strategy and Audit Advisory Committee was created in the last quarter of 2007 and has met twice, in January and April 2008, with the third meeting scheduled for late August 2008. All five members are external to UNOPS and agreed to work on a pro bono basis. The Committee provides guidance and oversight to the UNOPS audit function and ensures that the Organization employs sound risk-management practices. The Committee will monitor the timely completion of the compliance objectives set by the Executive Director and United Nations regulatory requirements, such as implementation of IPSAS.

Department responsible:	Executive Office
Status:	Partially implemented
Priority:	High
Target date:	December 2009

762. **In paragraph 169, the Board reported that UNOPS agreed with its reiterated recommendation that UNOPS (a) update inventory records for all decentralized offices and reconcile all movements with the appropriate additions and disposals; (b) ensure that valid, accurate and complete opening balances are included in the Atlas system; and (c) provide the Board with all documentation regarding the reclassification of assets.**

763. Guidelines on asset management were issued during the fourth quarter of 2007. A full-time staff member now collects, reviews, updates and verifies asset

registers submitted by the operations centres. Major efforts were made to ensure the accuracy and completeness of opening balances, as well as acquisitions and disposals made during the biennium. In recognition of the need for further improvements, UNOPS initiated the implementation of the Atlas asset module.

Department responsible:	Executive Office
Status:	Partially implemented
Priority:	High
Target date:	December 2008

764. **In paragraph 176, the Board recommended that UNOPS review purchase documentation to ensure that assets were recorded in the asset register.**

765. During the fourth quarter of 2007, UNOPS revised guidelines on asset management to improve the quality and completeness of data reported and to have the required information ready for upload into the asset module in Atlas. An expert on the asset module was identified and, starting in mid-August 2008, will help UNOPS implement it and roll it out to all UNOPS offices. In addition, since April 2008 a full-time staff member collects and reviews data and assists UNOPS offices in implementing the asset module. Required software modifications have been identified and related forms and reports have been designed.

Department responsible:	Corporate Control Centre
Status:	Partially implemented
Priority:	High
Target date:	December 2008

766. **In paragraph 183, the Board reported that UNOPS agreed with its recommendation that UNOPS perform regular physical asset counts to verify the existence of assets and the completeness and accuracy of the asset records. UNOPS also agreed with Board's recommendation to obtain confirmation from the storage company of all inventory items kept in storage.**

767. The quarterly verifications are being done now. UNOPS is planning to use the Atlas asset module to track all inventory. All regional offices will be instructed to report to headquarters about any discrepancies in the asset registers.

Department responsible:	Regional offices
Status:	Partially implemented
Priority:	High
Target date:	December 2008

768. **In paragraph 186, the Board reported that the Asia-Pacific Office agreed with its recommendation that the Asia-Pacific Office, in consultation with UNOPS headquarters, identify, dispose and write off all non-expendable equipment assessed to be redundant or obsolete to ensure a fairer presentation**

of the non-expendable balances disclosed in the financial statements. UNOPS agreed with the Board's recommendation that steps be taken to avoid any fruitless expenditure on photocopier rentals.

769. This was partially implemented in the second quarter of 2008, subsequent to the fieldwork performed by the Board in January 2008.

Department responsible:	Corporate Control Centre
Status:	Partially implemented
Priority:	High
Target date:	December 2008

XIV. International Criminal Tribunal for Rwanda

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[26]

Overview

770. Tables 35 and 36 summarize the status of implementation of recommendations as at August 2008.

Table 35
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Registry	2	1	—	1	—	1
Chambers	1	—	—	1	1	—
Office of the Prosecutor	1	—	—	1	1	—
Total	**4**	**1**	**—**	**3**	**2**	**1**

Table 36
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Registry	7	1	—	6	3	3
Chambers	1	—	—	1	1	—
Office of the Prosecutor	1	—	—	1	1	—
Total	**9**	**1**	**—**	**8**	**5**	**3**

[26] Ibid., *Sixty-third Session, Supplement No. 5K* (A/63/5/Add.11).

771. **In paragraph 31, the Board recommended that the International Criminal Tribunal for Rwanda reconsider the disclosure of the statement of cash flows to include its share in the cash pool.**

772. The current presentation of cash pools follows long-established practices that have been accepted by the successive Boards of Auditors in all financial statements that have been certified. Under the United Nations system accounting standards, investments have been defined to specifically include those under the cash pool. As such, the cash pool is defined as an integral part of "investment", and changes in cash pool constitute changes in investment activities, which are therefore classified under "Cash flows from investing activities", in accordance with annex IV A of the United Nations system accounting standards. As the presentation of the cash pool as part of investing activities in the statement of cash flows is in compliance with the accounting standards, the Tribunal is not in a position to accept the recommendation.

Department responsible:	Registry
Status:	Not accepted
Priority:	Not applicable
Target date:	Not applicable

773. **In paragraph 43, the Board recommended that ICTR develop a financing plan in order to settle end-of-service liabilities relating to staff members at the time of the closure of its operations.**

774. By its resolutions 61/264 and 62/229, the General Assembly decided to revert to the question of funding for after-service health insurance at its sixty-third session and to the issue of funding the pension-related liabilities of the Tribunal at its sixty-fourth session. Thus, there are currently no provisions to meet the aforementioned liabilities. The Secretary-General's report on a proposed funding strategy for the United Nations, including the Tribunals, is under preparation for presentation to the Assembly at its sixty-third session. Appropriate action will be taken on the basis of decisions made by the Assembly.

775. With regard to the liabilities related to annual leave and repatriation grants, they are considered part of common staff costs, in accordance with established procedures, and therefore no separate provisions are made.

Department responsible:	Registry
Status:	In progress
Priority:	High
Target date:	Full implementation is dependent on consideration by the General Assembly

776. **In paragraph 48, the Board recommended that the Tribunal define clearly the objectives of the Chambers and develop specific, measurable, attainable, realistic and time-bound expected outputs/performance indicators.**

777. Since his election in May 2007, the current President of the Tribunal has engaged in a dynamic process of reviewing the workload indicators in place with a view to developing specific and measurable performance standards and optimizing the use of existing systems and technologies. The objective is to provide analytical tools for management of the work of the chambers. The first phase has already been implemented, and a system is now in place to assess the use of courtroom space. The system permits a comparison of the projected and actual use of courtroom space. The second phase involves enhancing the system to assess the time standards and is envisaged to be completed and implemented in the fourth quarter of 2008. During that phase, the Tribunal will adapt Sharepoint to manage information and workflow in the Chambers, and also use TRIM records management software. The third phase will be the implementation of measurable performance standards for the court proceedings. It will start after the analytical tools are implemented (second phase), and is expected to be completed in the first quarter of 2009.

Department responsible:	Chambers
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2008 (second phase) and first quarter of 2009 (third phase)

778. **In paragraph 53, the Board recommended that the Tribunal ensure that all of its suppliers have complete records/information on file, as required by paragraphs 7.11.4 and 7.7.4 of the Procurement Manual, to guarantee that only qualified vendors are called upon to provide the required goods and services.**

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	Ongoing

779. **In paragraph 67, the Board reported that the Tribunal agreed with its recommendation that the Tribunal monitor compliance with the requirement for the preparation of performance evaluation reports in accordance with administrative instruction ST/AI/2002/3.**

780. The Tribunal will take measures to ensure that all staff performance evaluation reports are done.

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2008

781. **In paragraph 72, the Board recommended that the Tribunal continue to formulate and implement more effective strategies to fill vacancies, such as**

regularly evaluating the performance of staff members initially recruited against general temporary assistance funds and placing them against authorized posts.

782. The Tribunal continues its efforts to improve vacancy rates and fill vacancies, including through the evaluation and consideration of general temporary assistance personnel who meet the requirements of advertised posts.

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	Ongoing

783. **In paragraph 84, the Board recommended that the Tribunal, specifically the Registry and the Chambers, prepare performance reports on time.**

784. Workload indicators and performance reports have been prepared and updated continuously.

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	31 December 2008

785. **In paragraph 87, the Board recommended that the Tribunal revisit its targets/objectives and its performance indicators, particularly for the Office of the Prosecutor, to ensure that any risks/constraints that might hinder the accomplishment of objectives can be properly addressed.**

786. The Tribunal has taken into consideration the external factors that may hinder the achievement of the targeted accomplishments. It is reviewing its targets/objectives and its performance indicators to ensure that the targets for accomplishments are not too high in view of the prevailing constraints.

Department responsible:	Office of the Prosecutor
Status:	In progress
Priority:	High
Target date:	31 March 2009

787. **In paragraph 98, the Board considered that the findings of the Office of Internal Oversight Services highlighted significant deficiencies in areas related to internal audit and underscored the need for the Tribunal to address them.**

788. Since the last update, in June 2008, an additional nine recommendations have been closed, thus bringing the total number of recommendations implemented up to 46 and the total number of recommendations in the process of being implemented down to 8.

Department responsible: Registry

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2008

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

789. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 12 recommendations listed as outstanding from prior periods, 10 of which are shown as "partially implemented" and 2 as "not implemented" in the annex. The information is set out in the order in which the recommendations are presented in the annex.

790. Table 37 summarizes the overall situation.

Table 37
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2007

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Registry	12	—	7	5	3	2
Total	**12**	**—**	**7**	**5**	**3**	**2**

791. **In paragraph 57 of its report for the biennium ended 31 December 2005,[27] the Board recommended that the Tribunal evaluate the effectiveness of the lump-sum system of legal aid regarding, first, the single-accused cases and then consider the feasibility of applying this system to multiple-accused cases.**

792. The Tribunal has applied the lump-sum system of legal aid to all single-accused cases except one and to most multiple-accused cases where the defence team opted for the system. The legal costs for these cases, under the lump-sum system, have been controlled and streamlined. In single-accused cases, more and better controls have been introduced in the pretrial and appeal stages, and as a result the fixed hourly or monetary limits applied under the lump-sum system have not been exceeded. The application of hourly and financial limits by the Tribunal has been found more predictable than the hourly rate system and has resulted in lower legal costs. The Tribunal, since February 2008, has extended the application of the lump-sum system to multiple-accused cases in the trial stage (where the defence teams have opted to enrol in the lump-sum system).

[27] Ibid., *Sixty-first Session, Supplement No. 5K* and corrigendum (A/61/5/Add.11 and Corr.1).

Department responsible:	Registry
Status:	Implemented
Priority:	High
Target date:	Not applicable

793. **In paragraph 67, the Board recommended that the Tribunal continue to make progress with regard to the implementation of results-based budgeting and the implementation of a more stringent central monitoring mechanism.**

794. The Tribunal has continued to make progress with the implementation of results-based budgeting. While the Tribunal has developed and implemented the first module of the central monitoring mechanism called "Workload indicators and performance measurement", the development of the second phase, envisaged to link varied or disparate applications/databases, has been delayed by high staff turnover in the information technology services dealing with systems development and enhancement. The Tribunal is making intensive recruitment efforts to fill relevant vacancies so that the project can be brought to fruition.

Department responsible:	Registry
Status:	Ongoing
Priority:	Medium
Target date:	30 June 2009

795. **In paragraph 91, the Board recommended that the Tribunal perform prospective vendor evaluations to ensure that registered vendors meet the applicable criteria.**

796. The recommendation has been implemented.

Department responsible:	Registry
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

797. **In paragraph 92, the Board further recommended that the Tribunal obtain, evaluate and file all the required information for prospective vendors as per the Procurement Manual prior to registering the vendor.**

798. The recommendation has been implemented.

Department responsible:	Registry
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

799. **In paragraph 115, the Board reiterated its previous recommendation that the Tribunal take steps to use general temporary assistance funds in accordance with the purposes for which they were intended.**

800. The Tribunal made efforts to implement the recommendation. However, because of the inability to get new posts, the Tribunal has relied on general temporary assistance funds to ensure the provision of uninterrupted judicial, legal and administrative services that are absolutely necessary to support the judicial calendar and heightened trial activities of the Tribunal.

Department responsible:	Registry
Status:	Partially implemented
Priority:	Medium
Target date:	Ongoing

801. **In paragraph 116, the Board further recommended that the Tribunal identify jobs considered to be required for extended periods that are being funded from resources allocated for general temporary assistance and reclassify them accordingly.**

802. The Tribunal has taken steps to identify jobs considered required for extended periods, but has been unable to reclassify them because of the unavailability of additional posts.

Department responsible:	Registry
Status:	Partially implemented
Priority:	Medium
Target date:	Ongoing

803. **In paragraph 119, the Board recommended that the Tribunal continue its efforts to reduce vacancy rates.**

804. The Tribunal has continued its efforts to formulate and implement various strategies and measures aimed at reducing vacancy rates. These include the establishment of rosters, educating and training key players involved in the recruitment process, extension of contracts beyond retirement age and the use of the Field Service category for posts at the P-2 and P-3 levels. Such efforts have helped the Tribunal to expedite the filling of vacancies and reduce vacancy rates. It has been noted, however, that the gains achieved from intensive recruitment efforts and improved recruitment timelines are being eroded by continuing high staff turnover owing to the Tribunal's anticipated closure.

Department responsible:	Registry
Status:	Implemented
Priority:	High
Target date:	Ongoing

805. **In paragraph 120, the Board further recommended that the Tribunal update on a regular basis the Field Personnel Management System.**

806. The Tribunal is regularly updating the Field Personnel Management System, and is finalizing the recruitment of a human resource assistant who will be responsible for the upkeep and maintenance of the system.

Department responsible:	Registry
Status:	Ongoing
Priority:	High
Target date:	31 October 2008

807. **In paragraph 125, the Board recommended that the Tribunal update the education grant information in the Field Personnel Management System to ensure that it agrees with the information in the Sun system to facilitate an effective and accurate monitoring process.**

808. The recommendation has been implemented. The information in both the Field Personnel Management System and the Sun system has been updated, adjusted and reconciled.

Department responsible:	Registry
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

809. **In paragraph 136, the Board recommended that the Tribunal complete all personnel evaluations in a timely manner in order to improve the effectiveness of the Performance Appraisal System (PAS).**

810. The Tribunal has put a monitoring mechanism in place to ensure that all performance appraisal reports are completed in a timely manner.

Department responsible:	Registry
Status:	Implemented
Priority:	Medium
Target date:	Ongoing (as reminders are sent at every stage of the current e-PAS cycle)

811. **In paragraph 137, the Board recommended that the Tribunal follow up with the staff-development services of the Office of Human Resources Management regarding the availability of reporting tools within e-PAS.**

812. The Tribunal has held discussions with the Office of Human Resources Management regarding the reporting tools within e-PAS. While waiting for the development of such reporting tools, the Office has been sending status spreadsheets to the Tribunal. In view of the phased implementation and deployment of a new

generation of systems (including the enterprise resource planning system, of which e-PAS is an integral module) that will replace the Integrated Management Information System and other ancillary systems, the Tribunal is content with the current status spreadsheet while awaiting the development and finalization of the reporting tools in the enterprise resource planning system.

Department responsible:	Registry
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

813. In paragraph 157, the Board reiterated its previous recommendation that the Tribunal develop and approve a fraud-prevention strategy in coordination with the administrations of the United Nations and the other funds and programmes.

814. A fraud prevention and anti-corruption plan for the United Nations Secretariat has been prepared through a consultative process undertaken by the Department of Management. The plan has been reviewed within the project to develop an enterprise risk management and internal control framework for the Secretariat. Following consideration by the General Assembly of the enterprise risk management and internal control framework of the Secretariat, as set out in A/62/701 and Corr.1, the plan will be adjusted to reflect its role within that framework. The Tribunal will implement this plan once it is finalized and endorsed by the General Assembly.

Department responsible:	Registry
Status:	In progress
Priority:	High
Target date:	Implementation is dependent on consideration by the General Assembly

XV. International Tribunal for the Former Yugoslavia

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2007[28]

Overview

815. Tables 38 and 39 summarize the status of implementation of recommendations as at August 2008.

Table 38
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Administration Services	3	1	—	2	—	2
Registry	—	—	—	—	—	—
Total	**3**	**1**	**—**	**2**	**—**	**2**

Table 39
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Administration Services	4	1	1	2	—	2
Registry	2	—	—	2	2	—
Subtotal	**6**	**1**	**1**	**4**	**2**	**2**
Purview of the General Assembly	1					
Total recommendations	**7**					

Detailed information on implementation

816. **In paragraph 22, the Board reported that the International Tribunal for the Former Yugoslavia agreed with its recommendation that the Tribunal monitor further the whole process of cancellation of unliquidated obligations.**

817. The Tribunal has the standard procedure of reviewing obligations four times a year, and the Chief Administrative Officer has reiterated to the certifying officers, the Procurement Section and the Finance Section the importance of accurate review and timely liquidation of obligations no longer required for the operation.

Department responsible: Administration Services

Status: Implemented

Priority: Medium

Target date: Not applicable

[28] Ibid., *Sixty-third Session, Supplement No. 5L* (A/63/5/Add.12).

818. **In paragraph 24, the Board reported that the Tribunal agreed with its recommendation that the Tribunal review its present prison cell requirements and lease only the optimum number of prison cells as may be determined by applicable guidelines.**

819. The Tribunal is in the process of relinquishing cells that it no longer requires. As cells can be returned to the Government of the Netherlands only in groups of 20 (a complete floor), the Tribunal does have excess capacity at times. The return of a group of 20 cells is now being arranged, and it is anticipated that the handover will occur during the next couple of months.

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	September 2008

820. **In paragraph 28, the Board recommended that the Tribunal consider making a provision for delays in the collection of outstanding contributions pursuant to paragraph 33 of the United Nations system accounting standards.**

821. The General Assembly, by its resolution 53/204, endorsed the comments made by the Advisory Committee on Administrative and Budgetary Questions on its report A/53/513, including the Advisory Committee's view that assessed contributions are collectable until the Assembly decides otherwise. By its resolution 61/233 B, the Assembly reiterated that the issue of outstanding assessed contributions is a policy matter of the General Assembly. That being the case, the Tribunal is not in a position to implement the recommendation, which falls under the purview of the Assembly.

822. The Organization's policies with regard to the accounting treatment of uncollected assessed contributions are in compliance with General Assembly decisions and the United Nations system accounting standards.

Department responsible:	Recommendation falls under the purview of the General Assembly
Status:	Not applicable
Priority:	Medium
Target date:	Not applicable

823. **In paragraph 40, the Board recommended that the Tribunal develop a proposed financing plan in order to settle end-of-service liabilities relating to staff members at the time of the closure of the operations of the Tribunal.**

824. It should be noted that the budget proposals for the Tribunal related to the biennium 2008-2009 included provisions, based on actuarial valuations, for after-service health insurance and judges' pensions in order to finance the accrued liability. However, by its resolutions 61/264 and 62/230, the General Assembly decided to revert to the question of funding for after-service health insurance at its sixty-third session and to the issue of funding the pension-related liabilities of the

Tribunal at its sixty-fourth session. Thus, there are currently no provisions to meet the aforementioned liabilities. The Secretary-General's report on the proposed funding strategy for the United Nations, including the Tribunals, is under preparation for presentation to the Assembly at its sixty-third session. Appropriate action will be taken on the basis of decisions made by the Assembly.

825. With regard to the liabilities related to annual leave and repatriation grants, these are considered part of common staff costs in accordance with established procedures, and therefore no separate provisions are made.

Department responsible:	Administration Services
Status:	In progress
Priority:	High
Target date:	Full implementation is dependent on consideration by the General Assembly

826. **In paragraph 44, the Board recommended that the Tribunal reconsider the disclosure of the statement of cash flows to include its share in the cash pool.**

827. The current presentation of cash pools follows long-established practices that have been accepted by the successive Boards of Auditors in all financial statements that have been certified. Under the United Nations system accounting standards, investments have been defined to specifically include those under the cash pool. As such, the cash pool is defined as an integral part of "investment", and changes in cash pool constitute changes in investment activities, which are therefore classified under "Cash flows from investing activities", in accordance with annex IV A of the United Nations system accounting standards. As the presentation of the cash pool as part of investing activities in the statement of cash flows is in compliance with the accounting standards, the Tribunal is not in a position to accept the recommendation.

Department responsible:	Administration Services
Status:	Not accepted
Priority:	Not applicable
Target date:	Not applicable

828. **In paragraph 49, the Board reported that the Tribunal agreed with its recommendation that the Tribunal continue to explore ways and means of retaining existing staff in order to ensure the successful completion of its mandate.**

829. As in the past, the Tribunal will continue to develop proposals and enlist the support of United Nations Headquarters to encourage staff to remain with the Tribunal until such time as it completes its mandate. The Tribunal will discuss the proposal of a retention incentive with Member States during the sixty-third session of the General Assembly.

Department responsible:	Administration Services
Status:	In progress
Priority:	High
Target date:	Ongoing

830. **In paragraph 53, the Board reported that the Tribunal agreed with its recommendation that the Tribunal adopt a similar remuneration package for defence counsels handling cases on appeal.**

831. The Tribunal is in agreement with the recommendation and is currently working on an appeals legal aid policy of a lump-sum nature.

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2008

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior bienniums

832. In the annex to its report for the biennium ended 31 December 2007, the Board provided a summary of the status of implementation of recommendations from its report for the financial period ended 31 December 2005.[29] Information is provided below on the two recommendations that are shown as "partially implemented" in the annex. The information is set out in the order in which the recommendations are presented in the annex.

833. **In paragraph 17 of its report for the biennium ended 31 December 2005, the Board noted, with regard to the level of unpaid assessments (see resolution 58/253, paragraph 3), that significant progress had been made in the biennium 2004-2005 and invited Member States to pursue their efforts to pay their assessed contributions on time, in full and without conditions.**

Department responsible:	Recommendation falls under the purview of the General Assembly
Status:	Not applicable
Priority:	Medium
Target date:	Not applicable

834. **In paragraph 35, the Board noted the measures taken by the Tribunal with a view to completing its work in 2010. However, the Board reiterated its concern as to whether that time frame was realistic, given the current pace of the Tribunal's activities.**

[29] Ibid., *Sixty-first Session, Supplement No. 5L* and corrigendum (A/61/5/Add.12 and Corr.1).

835. The court schedule and any revision to the completion schedule are reported by the President of the Tribunal in the biannual updates provided to the Security Council. The next report is due in November 2008.

Department responsible:	Registry
Status:	Not applicable
Priority:	High
Target date:	Not applicable